EFFECT OF NATIONAL FINANCIAL INCLUSION STRATEGY ON BANK ACCOUNT OWNERSHIP IN KUDAN LOCAL GOVERNMENT AREA OF KADUNA STATE

BY

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DECLARATION

I declare that the work in this dissertation entitled Effect of National Financial Inclusion Strategy on Bank Account Ownership in KudanLocal Government Area of Kaduna State, has been carried out by me in the Department of Business Administration. The information derived from the literature have been duly acknowledged in the text and on the list of references provided. And to the best of my knowledge, no part of this dissertation was previously presented for the award of another degree or diploma in this university or any other institution.

Malachy, Solomon Gimba Signature..... Date.....

DEDICATION

This study is dedicated to the Most Holy Trinity, the fountain of knowledge and all that is good.

CERTIFICATION

This dissertation entitled Effect of National Financial Inclusion Strategy on Bank Account Ownership in Kudan Local Government Area of Kaduna State by Gimba Solomon MALACHY meets the regulations governing the award of the degree of Master of Science (M.Sc.) Business Administration of the Ahmadu Bello University Zaria, and is approved for its contribution to knowledge and literary presentation.

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ABSTRACT

The rural populace constitute an integral part of Nigeria's population, as such any national economic programme that attempts in any way to foreclose this important segment of the country's population will leave much to be desired. This study therefore evaluated the effect of the National Financial Inclusion Strategy (NFIS) on Bank Account Ownership in Kudan Local Government Area of Kaduna State. Survey research design was employed in the study which was cross sectional in nature. The study made use of primary data which was collected using questionnaires administered to the respondents based on a census sampling technique. The data was collected from a total of 187 out of a population of 194 households of the minor settlements of the local government. Descriptive and inferential (parametric) statistics were used to analyse the data collected for the study using the Statistical Package for Social Sciences (SPSS) version 20. Multiple regression tool of analysis was used to test the study's hypotheses. The findings revealed that the NFIS microfinance banks' branches target have a significant positive effect on bank account ownership among the rural populace of the local government. On the other hand, the financial literacy target and savings target of the programme have insignificant positive effect on bank account ownership among the rural populace of the study area (KudanLocal Government Area of Kaduna State). The study therefore recommended that the CBN should continue to pursue the implementation strategy of the microfinance banks' branches target in the rural areas as it has begun. However, the study also recommended that the CBN should review the implementation approach of the financial literacy target and savings target among the rural populace-taking into consideration the peculiarities of the country's rural areas; in order to enhance bank account ownership and consequently, financial inclusion among the rural populace in the area, and the country at large by the due date of the programme in 2020.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The National Financial Inclusion Strategy (NFIS) was promulgated in the last quarter of 2012. It is a general financial inclusion programme of the Central Bank of Nigeria(CBN), whose strategic objective is to curb financial exclusion in the country by setting a clear agenda to significantly increase access to, and use of formal financial products and services from 36.3 per cent in 2010 to 70 per cent in 2020. To achieve this feat therefore, the programme set up certain targets to be strategically met in terms of financial literacy, savings, microfinance bank branches, payments, automated teller machine (ATMs), point of sale (POS), pensions, insurance and credit. These are to be pursued from 2012 to 2015 and subsequently to 2020; from which according to the programme financial inclusion in the country would be increased up to at least 70 per cent by the year 2020.

The problem of financial exclusion in the world is a situation that countries, especially the developing ones-like Nigeria can no longer ignore or treat with levity. A situation where a set of people for reasons outside their control, find it difficult or even impossible to access financial services as they may desire, call for both policy and academic attention. A report by the Enhancing Financial Innovation and Access (EFInA, 2010) indicates that the financially excluded people in Nigeria stood at 39.2 million representing 46.3 per cent of the country's adult population. Also, a total of 2.9 billion adults across the globe were reported to be financially excluded according to the same source. This underscores the enormous need for financial inclusion, first among the vulnerable groups (rural dwellers for instance) and in the

country as a whole. This is what Nwankwo and Nwankwo (2014) argued that financial inclusion is critical to the attainment of poverty reduction, removal of barriers to economic participation of rural dwellers: women, youths and those at the bottom of poverty.

Account ownership with bank is a key element of financial inclusion because it has implication for both the holder, the bank, government and the financial system as a whole. When one has no account relationship with at least a bank, the idea of savings will certainly be inconsequential to them. This automatically would impact negatively on the traditional function of financial intermediation by banks-which is basically the mobilisation of funds from surplus to deficit ends that is, the sourcing of funds from areas of availability to be channelled to areas where such funds are most needed, which in turn stimulates economic activities. Government policy would greatly be aided in an economy with a more inclusive financial system. For instance, the conditional cash transfer to the vulnerable and extremely poor policy-formulated in the last quarter of 2015 by the present All Progressives Congress (A.P.C) led federal government of President MuhammaduBuhari (Kumolu, 2015) would have been much easier, faster and successful where the said vulnerable and extremely poor citizens are fully integrated in the mainstream financial system of the country. Because through their data and personal bank accounts, the government would have had direct access to them without any need for intermediaries, which is capable of breeding corruption in terms of siphoning and misappropriation, thereby leaving some of the targeted people unattended. Expansionary and contractionary monetary policy could be affected by a situation where some parts of the country's population are financially excluded. Financial inclusion is thus a sine qua non in this regard.

The most excluded from the formal financial system in Nigeria, predominantly live in the rural areas (Juma, 2007). Shedding more light on this development, Onyenechere (2010) indicated that about 70 per cent of the country's population dwell in the rural areas. This position is further corroborated by the report of the United Nations Children's Education Fund (UNICEF) Country Programme Document 2014-2017 (2013) which puts Nigeria's rural population at 64 per cent. A total of 2.9 billion people are established to be excluded from the formal financial system around the world. In other words, about 3 billion people across the globe do not have access to formal banking and financial services (Dangi& Kumar, 2013). In Nigeria, a total of 46.3 per cent of the country's adult population was reported to be financially excluded by the Enhancing Financial Innovation and Access to Financial Services (EFInA) survey in 2010; this is 39.2 million of the 84.7 million adult populations in the country; 34.0 per cent had no formal education, and 80.4 per cent resided in the rural areas (CBN, 2012). The same percentage of the financially excluded in the country is reported by Alani and Sani (2014); Tijani, (2012); and Michael, (2014). The northern part of Nigeria accounts for the highest number of the financially excluded (68 per cent) in the country (CBN, 2012).

Some of the obvious factors attributable to this economic problem include: the physical distance to bank branches in most rural areas which makes it difficult and expensive to access financial services; low economic activities in the rural areas limit the profit potential of financial institutions. Thus banks find it less attractive to set up branches there; and education levels as well as financial literacy are typically low in the rural areas, making it less likely that clients will make use of financial products and services (Tijani, 2012).

Relevant to this study is the National Financial Inclusion Strategy (NFIS), on how it has promoted bank account ownership (i.e. financial inclusion) among the rural populace in Kudan Local Government Area of Kaduna State. This is in terms of its targets, particularly those that constitute more common and regular factors for which a typical Nigerian rural dweller may be induced to open and own a bank account. Thus, the financial literacy, microfinance banks' branches, savings, and payments, targets are key as to why an individual (especially a rural dweller) would in the ordinary and regular banking services, want to own an account; which is a key indicator of financial inclusion. Thus, should these targets be fully achieved according to the programme would mean an increase in the number of people who own and operate bank account(s) in the country. This by extension would mean a higher level of financial inclusion in the country in general, and specifically among the rural populace.

Although there are other targets like the Automated Teller Machine (ATM) target, Point of Sale (POS), credit, insurance and pensions targets, this study primarily focus on these four targets of financial literacy, savings, microfinance banks' branches (MFBs) and payment, in relation to account ownership because account ownership is basic to consummating most the other services and products. For instance, for one to enjoy the service of an ATM or POS, it must be operated from a registered account in the name of the card owner. Also, to access credit facility, such transaction must proceed from a registeredaccountas is customarily practiced here in Nigeria. In other words, they are more central and basic drivers to opening an account especially by the rural populace, as some of them may not be interested in too much modern banking sophistication (Tijani, 2012). Owning an account would thus make them become customers of a bank which is a sine qua non for customer-banker relationship, which is consequently an imperative of financial inclusion.

1.2 Statement of the Problem

The enormous attention being given to financial inclusion both locally and internationally stems from the important role finance plays in every human institution and endeavour. Looking at the bank branching pattern in Nigeria, it leaves no iota of doubt to any careful observer that it is urban bias. This has been the trend from time immemorial until 1977 when the federal government introduced 'the rural banking scheme', which was the very first time a deliberate policy attempt was made by government to take banking to the door-steps of the rural dwellers in the country. The obvious neglect of the rural areas in terms of branch concentration as against what is obtainable in the urban areas where bank branches can conspicuously be seen on major streets, can perhaps be adduced to the peculiarities of the rural areas-such as low level of economic activities vis-à-vis the urban areas, the level of literacy, infrastructural challenges and the general perception of the rural areas as not very profitable areas by the banks (Oluwatayo, 2014). This further explains the assertion by EFInA (2010) that 80.4 per cent of the 39.2 million financially excluded people in Nigeria, are in the rural areas. Financial exclusion is a prevailing reality in Nigeria generally, and in the rural areas in particular; which is said to harbour 63.9 per cent of the country's population (EFInA, 2014).

Although the 1977 rural banking scheme did not survive the test of time, because its objectives were neither fully realised nor sustained, it however succeeded in at least introducing banking and banking habits for the first time in the country's rural areas. The CBN introduced the National Financial Inclusion Strategy in 2012; which sets to achieve the following targets in terms of products by 2020: 70 per cent payment and 60 per cent savings. Then 5.0 microfinance branches per 100,000 adults; as well as 20, 50, and 100 per cents financial literacy curriculum

in primary, secondary and tertiary institutions respectively in terms of channels-country wide by the same year (2020).

Recent reports by the CBN indicates that the programme is beginning to yield the desired result, as the financially excluded in the country has dropped from 46.3 per cent in 2010 to 41.6 per cent in 2016 (CBN, 2016). However, the concern begging for clarification here (which is the focus of this study) is, whether the programme as a whole and the improvement it has recorded so far in engendering financial inclusion in the country is holistic; that is, whether it has translated into the financial inclusionof the rural populace by making more rural dwellers-particularly in Kudan Local Government (a rural council area) to become bank customers through theownership of a bank account(s). In other words, this study is out to evaluate the effectiveness of the programme so far in the rural areas through the pursuit of its targets as it translate into an increase in bank account ownership among the teaming rural populace in the study area (Kudan Local Government), given that the programme has been implemented for more than half of its lifespan (2012-2020). This is sequel to the urban bias banking system that has been the practice over the years. Because of the peculiarities of the rural areas, which has greatly influenced their perception as not very profitable areas by most banks (Oluwatayo, 2014).

1.3 Research Questions

The following questions are therefore necessary in order to guide the study as well as provide a focus for the researcher and the reader. The general research question is, to what extent has the NFIS, through its specific targets of financial literacy, microfinance banks branches, savings

and payment, promoted bank account ownership(financial inclusion) among the rural populace in Kudan Local Government Area of Kaduna State? The specific questions of the study are:

i. To what extent has the financial literacy target of the NFIS enhanced bank account ownership among the rural populace in Kudan Local Government?
ii. To what extent has the NFIS microfinance banks' branches target increased bank account ownership among the rural populace in Kudan Local Government?
iii. To what extent has the savings target of the NFIS stimulated bank account ownership among the rural populace in Kudan Local Government?
iv. To what extent has the NFIS payments target encouraged bank account ownership among the rural populace in Kudan Local Government?

1.4 Objectives of the Study

Generally, this study seeks to determine the extent to which the NFIS has promoted bank account ownership (financial inclusion) among the rural populace in Kudan Local Government Area of Kaduna State, mid-way into the lifespan of the programme. The specific objectives of the study on the other hand, are as follows:

I. To determine the extent to which the financial literacy target of the NFIS has enhanced bank account ownership among the rural populace in Kudan Local Government.
II. To determine the extent to which the NFIS microfinance banks' branches target has increased bank account ownership among the rural populace in Kudan Local Government.
III. To determine the extent to which the savings target of the NFIS has stimulated bank account ownership among the rural populace in Kudan Local Government.
IV. To determine the extent to which the NFIS payment target has encouraged bank account ownership among the rural populace in Kudan Local Government.

1.5 Hypotheses

The hypotheses below stated in their null form, will be tested in order to provide answers to the research questions raised above.

H_o1: The financial literacy target of the NFIS has not significantly enhanced bank account ownership among the rural populace in Kudan Local Government.

H_o2: The NFIS microfinance banks' branches target has not significantly increased bank account ownership among the rural populace in Kudan Local Government.

H_o3: The savings target of the NFIS has not significantly stimulated bank account ownership among the rural populace in Kudan Local Government.

H_o4: The NFIS payment target has not significantly encouraged the bank account ownership among the rural populace in Kudan Local Government.

1.6 Significance of the Study

In view of the importance of financial inclusion which has continually placed it on the global economic spotlight due to its role in the eradication of national and global challenges like poverty and hunger. Different countries across the globe have designed different policies and programmes in a bid to drive it home by adequately addressing the concern of financial exclusion question within their shores. Nigeria as a member of the comity of nations has also come up with the National Financial Inclusion Strategy (NFIS) as its own formidable approach to the issue, which became effective in 2012. Thus the findings of this study would significantly provide a feedback to the CBN and the federal government on the effectiveness the programme (NFIS) so far in curbing financial exclusion among the rural populace of the country. This is in terms of how it serve to increase the level of bank account ownership in the rural areas or not pursuant to its targets.

The findings of this study would reveal to the CBN, the federal government and the general public whether the pattern of banking system in the country, which has been predominantly pro urban is beginning to change in favour of the rural areas as a result of the programme.

The findings of this study would further add to the existing body of knowledge in the field of finance and financial inclusion in particular with respect to the financial inclusion situation of the rural populace inKudan Local Government and the country in general.

Based on the findings, the study would make recommendations to the CBN and federal government on the way forward on the programme vis-à-vis the peculiarities of the rural populace wherever necessary, with a view to achieving a more meaningful result thereof at the end of the programme's time frame in 2020.

1.7 Scope of the Study

This study is primarily concerned with the issue of financial inclusion of the rural populace. That is, it is particularly concerned with evaluating the role of the NFIS through its targets in promoting bank account ownership whichis an index of financial inclusion, among the rural populace. The study is situated in Kudan Local Government because it is typically a rural council area with only a single microfinance institution (Nakowa Microfinance Bank) which makes it suitable for the study because its rural peculiarities satisfy the study's conception of rural areas.To timely and successfully complete it, the study is focused on four targets of the NFIS considered relevant to the basic and common reason a typical rural dweller would want to own a bank account-which is the yard stick for determining financial inclusion in this study. Also, it is common knowledge in the Nigerian banking system that for one to utilise products

and services relative to the other targets, such as the ATM, POS, credit, pension and insurance; one must first own a registered account either as an individual or group through which such products and services can be consummated. Therefore, the choice of the four targets being studied was informed by the focus of the study which is, 'bank account ownership'; which is considered basic to the financial inclusion of the rural populace in this study.

1.8 Definition of Key Terms

Financial Inclusion: This refers to a situation where all qualified adult citizens who hitherto were outside the banking system in the country are brought into it, by removing any encumbrance posed by either distance, cost, ignorance, lack of option or choice, which could have partly or completely shut individuals or groups out of the national financial system.

National Financial Inclusion Strategy (NFIS): The NFIS as used in this study refers to the targets of the programme here studied:

i. The financial literacy target,
ii. The microfinance banks' branches target,
iii. The savings target and,
iv. The payment target.

Rural Populace: The idea of rural populace as used in this study connotes the hamlets i.e. the grass root population or members of the country's population living in the interior or remote areas, where the total number of households may not necessarily exceed hundred (i.e. minor or smaller rural settlements).

Bank Account ownership: Account ownership/account opening as used in this study refers to establishing an account relationship with a bank.

CHAPTER TWO

LITERATURE REVIEWAND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter reviews literatures relevant to the study in terms of financial inclusion (financial literacy, microfinance/bank branching, savings and payment). It also reviews studies on account ownership and the rural populace

2.2 Concept of Financial Inclusion

Financial inclusion has become increasingly important given the level of attention being devoted to it from both policy and research perspective. This perhaps is sequel to its relevance in the attainment of more meaningful national financial systems. The Enhancing Financial Innovation and Access (EFInA, 2013) as cited in Nwankwo and Nwankwo (2014) defined financial inclusion as the provision of a broad range of high quality financial products such as savings, credit, insurance, payments and pensions, which are relevant, appropriate and affordable for the entire adult population especially the low income segment of the economy. Also, UNDP (2013) defined financial inclusion as an inclusive financial system that services all clients reaching out to the poor and low-income people and providing them with affordable financial services tailored to their needs. Financial inclusion is a state in which all who can use them have access to a full suite of quality financial services,provided at affordable prices, in a convenient manner, and with dignity for the clients. It is a state where financial services are delivered by a range of providers, most of them private sector, and reach everyone who can use them, including the poor, disabled, rural people, and other excluded populations (Centre for Financial Inclusion, 2010; as cited in Kama & Adigun, 2013).

Financial inclusion is critical to any meaningful and sustainable economic growth and development. This underscores the enormous policy and scholarly attention being devoted to it in recent time, hence the numerous definitions attributed to it from different quarters. It implies the provision of financial services to the public, with special focus on/ and targeted at the disadvantaged members of the public who may not ordinarily access the regular financial services. The financial inclusion strategy brings in the previously excluded and unbanked public by encouraging them to patronise the available financial services (Michael, 2014). It is the opposite of financial exclusion where those services are neither available nor affordable to certain category of economic agents particularly the low income members of the society. According to Mohan (2006) cited in Kama and Adigun (2013) financial inclusion is where all segments of a society have access to appropriate, low cost, fair and safe financial products and services from mainstream providers.

According to the Central Bank of Nigeria (CBN, 2012), the achievement of financial inclusion is dependent on how eligible adults are always able to have easy access to a broad range of formal financial services that meet their needs and are quite affordable to them. This definition vides the (CBN, 2012: p.1) comprise these elements:

a. Ease of access to financial products and services: Financial products must be within easy reach to all segments of the population and should not have onerous requirements.
b. Use of a broad range of financial products and services: Financial inclusion implies not only access but usage of a full spectrum of financial services including, but not limited to payments, savings, credit, insurance, and pension products.
c. Financial products designed according to need: Financial products must be designed to meet the needs of clients andshould consider income levels, as well as access to distribution channels.
d. Affordable: Financial services should be affordable even for low-income groups.

The fundamental principle of financial inclusion is anchored on easy access, relevance/appropriateness and affordability of financial products and services to all and sundry. This therefore is the rallying point and basis of validity for all the definitions above even though some are more elaborate than others. For instance, the definition by the centre for financial inclusion went down to specifically recognise the disadvantaged segments of the population whom by virtue of their peculiar conditions are always at the risk of being excluded from the formal financial system. Also, the definition by the CBN is even more elaborate in its attempt to point out fundamental issues of financial inclusion hitherto mentioned (easy access, relevance/appropriateness and affordability).

The issue of financial inclusion is of immense concern to all and sundry in view of its importance, as well as challenges in terms of implementation and sustainability. In a study on the sustainability of financial inclusion to rural dwellers in Nigeria, Nwankwo and Nwankwo (2014) holds that the sustainability of financial inclusion to rural dwellers remains the mainstream for economic growth in any country. It is a common practice the world over for governments through the monetary authorities of their respective countries to come up with policies and programmes targeted at enhancing the effectiveness of their financial systems. But the question of how effective does such policies and programmes embrace all and sundry often leave much to be desired. A financial system development is determined by the extent to which it improves access to financial services for poorer sections of the population. Studies have shown that financial inclusion has a positive impact on economic development (Michael, 2014). In a study titled: the Impact of Financial Inclusion on Monetary Policy in Nigeria, Mbutor and Uba (2013) posit that a growing financial inclusion programme has positive implications for a sound and effective monetary policy. Furthermore, while financial

intermediation serves as a lubricant to economic activities, financial exclusion is a huge barrier to it. Financial inclusion is capable of making credit and other financial services available to the rural populace, which is consequently likely to improve rural economic development and social transformation, as well as enhance the people's livelihood by reducing or eliminating poverty (Matunhu&Mago, 2013). In the light of this therefore, the rural communities deserve the same banking services that are supplied to their urban counterparts (Von-Pischke et al, 1983; as cited in Matunhu&Mago, 2013). Consequently, the development of rural banks will provide access to finance by the rural people, albeit not as 'easy money' but money that is generated through their savings and investments.

Nigeria's settlement development pattern over the years has been pro-urban than being even, between urban and rural areas. The concentration of many industries and most major public institutions in the urban areas is a major attraction to the concentration of banks and many other financial institutions there at the expense of their rural counterparts. The resultant effect of this is the tendency to exclude more people from the banking and formal financial system in the rural areas. The colonial mentality of concentrating development at urban centres at the expense of the rural areas can be blamed for this ugly trend. This therefore has given rise to the fundamental issue of lack of adequate finance and extreme poverty in the rural areas, leading to huge rural-urban drift over the years, particularly by the able bodied youths (Matunhu&Mago, 2013). Stressing further the dark side of financial exclusion, Oluwatayo (2014) posits that without a bank account a person may not be able to obtain competitive loans or insurance policies or enter into a mobile phone contract. In realisation of this situation, governments particularly in Sub-Saharan Africa have started thinking outside the box by making financial inclusion especially of the poor and rural dwellers a major policy objective.

According to the World Development Report of 2000-2001 cited in Oluwatayo (2014: p.96):

> Access to financial markets is important for poor people. Like all economic agents, low income households and micro-enterprises can benefit from credit, savings, and insurance services. Such services help to manage risk and to smooth consumption…and allow people to take advantage of profitable business opportunities and increase their earning potentials. But financial markets, because of their special features, often serve poor people badly… since poor people often have insufficient traditional forms of collateral (such as physical assets) to offer, they are often excluded from the traditional financial markets…transaction costs are often high relative to the small loans typically demanded by poor people. And in areas where population density is low, physical access to banking services can be very difficult.

The position by the World Development Report here buttresses the challenges associated with financial exclusion especially as they relates to segments of the population such as the poor and the rural populace; because their peculiarities put them in a disadvantaged situation in which they would easily be excluded from the formal financial system. This is what Oluwatayo (2014) rightly observed when he described the perception of the rural areas by banks as not profitable areas.

Although the challenge of financial exclusion prevails more in emerging economies, it is not entirely an exclusive problem of the developing world. It is a global phenomenon. EFInA (2012) holds that financial institutions in Nigeria, compete with one another by trying to attract and retain existing customers year after year, forgetting the enormous business opportunities at the grassroots which non-bank financial institutions were now taking steps to cultivate. Evidences from different researches have indicated that of the about 170 million Nigerians, only a few have bank account, with those living in the rural areas being the most affected (Tijani, 2012). He further asserted that 72.2 per cent of the rural population had no bank account at all as at the time of the study; even though, about 25.3 million adults have mobile

telephones which the banks could have utilised as an effective medium for attracting and integrating the unbanked population, particularly those in the country's rural areas. The proliferation of mobile phones is a good premise for the adoption of mobile money with its attending benefits as a veritable tool for the enhancement of financial inclusion in the country. It has been noted that mobile money is capable of becoming a game changer for financial inclusion, giving that it has the capacity to facilitate the absorption of over 75 per cent of the country's unbanked population into the formal financial system (Tijani, 2012). Some of the benefits that are unequivocally derivable from mobile money include, cost effectiveness i.e. it may be relatively cheap vis-à-vis the conventional service models and other alternatives to cash; it is potable, privacy of transaction which could boost the confidence of, particularly rural dwellers, who ordinarily would not want a third party having knowledge of their monetary worth. It also provides branchless banking which may enable vulnerable groups such as women especially those in the rural areas, to receive as well as save money away from the prying eyes of their domineering men (Kelvin, 2012; cited in Tijani, 2012).

Financial exclusion can be said to have two dimensions viz, the unbanked-who have no access completely, to formal and perhaps informal financial services. And the under banked population-include those members of the public who actually have access to banks and banking services, but due to one conviction or the other prefer alternative service providers ibid. This latter category is not substantially relevant to this study.

2.3Effect of Financial Literacy on Account Ownership

The role of financial literacy in any meaningful financial inclusion drive is not debatable. The CBN specifically designed financial literacy as one of the components of the NFIS, because it

is believed that when the unbanked segment of the country's population becomes fully equipped with adequate knowledge or information about financial products and services, they will be stimulated to open and own bank account(s) thereby joining the banking system.

According to Atkinson and Messy (2012), financial literacy is a combination of information, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. This definition suggests that an individual's financial behaviour and decisions which ultimately translate into his/her financial wellbeing, is a function of his/her financial literacy level. To support this position, Kumelj (2010) cited in Starcek and Trunk (2013) states that insufficient understanding can lead to unsuitable decisions or even keep the consumer away from financial services simply because they are afraid of the complexities involved in it. According to the Organisation for Economic Co-operation and Development (OECD) and International Network on Financial Education (INFE) (2013), a financially literate person will have some basic knowledge of key financial concepts as well as the ability to translate such knowledge into skills for handling financial situations. The definition of financial inclusion has been improved to recognise the need for financial literacy for a proper financial inclusion to be realised. This is at the backdrop that, access and use of the financial services need understanding and independence for consumers to make informed decisions about their finances. This is a thorn to wide measures of financial inclusion that have been adopted as most lack the component of financial literacy. Financial literacy is thought to enable unlocking of other dimensions of financial inclusion namely: client protection, prevention of over indebtedness, new product development and reaching poorer clients. It can be argued therefore, that financial literacy will help prevent financial inclusion to end up being a burden, and thus provide a platform for better social benefits. In other words, financial literacy

can be hypothesised to improve financial inclusion and ensure its sustainability (Mishi, Vacu&Chipoted, 2012).

Sayinzoga, Bulte and Lensink (2014) conducted a study on financial literacy and financial behaviour in Rural Rwanda, their study identified enhanced financial literacy as a factor explaining financial behavioural change. In a study on the impact of financial literacy and transaction costs on bank account uptake and use, Hieltjes and Petrova (2013) established that financial literacy training and information had no effect on bank account opening and use. Rather, reducing transaction costs had positive effect on bank account opening and use. In a Survey on financial literacy literatures across the globe by Xu and Zia (2012), which aimed at providing evidences on the importance and level of financial literacy, its correlates, and effects with having practical implications pointed out increasing relevance of financial literacy both in developed and developing countries. Mishi, Vacu and Chipoted (2012) who studied the impact of financial literacy in optimising financial inclusion in Rural South Africa, came up with the conclusion that financial inclusion increase with improvement in financial literacy level.

From the forgoing positions, it is clear that there are mixed findings as regards to the impact of financial literacy on enhancing financial inclusion. While some affirmed that higher financial literacy level is positively significant in engendering financial inclusion, others presented contrary findings by maintaining that financial inclusion is not really a function of financial literacy. This study which is inclined to evaluating the effect of the NFIS on bank account ownership by the rural populace, seeks to find out if the financial literacy target have had any significant positive effect on the rural populace; the finding of which will support or oppose either of the positions above.

2.4Effect of Microfinance Bankingon Account Ownership

The micro finance banking policy guideline christened, microfinance policy, regulatory and supervisory framework for Nigeria, was introduced in 2005 following the consolidation process of the banking industry in the country by the apex bank (the CBN). The policy which was revised in 2011 was put in place to accomplish the following objectives vide microfinance policy, regulatory and supervisory framework for Nigeria:

i. Make financial services accessible to a large segment of the potentially productive Nigerian population which otherwise would have little or no access to financial services;
ii. Promote synergy and mainstreaming of the informal sub-sector in the national financial system;
iii. Enhance service delivery by microfinance institutions to micro,small and medium entrepreneurs;
iv. Contribute to rural transformation; and
v. Promote linkage programmes between universal/development banks,specialized institutions and microfinance banks.

These objectives were developed at the heels of the weak institutional capacity, weak capital base, and existence of a huge un-served market, economic environment of the poor, employment generation and poverty reduction. Others include, the need for increased savings opportunity, the interest of local and international communities in micro financing and the need for the utilisation of Small and Medium Enterprises Equity Investment Scheme (SMEEIS) fund (Microfinance Policy, Regulatory and Supervisory Framework for Nigeria, 2005). Pursuance to this policy objective, many micro finance institutions/banks have been established-spread around the country. In spite of this however, much still leave to be desired.

Brown, Guin and Kirschenmann (2014) carried out a study on 'microfinance banks and financial inclusion', in which they found that microfinance banks contribute significantly to the financial inclusion of low-income and older households. That the share of households with a

bank account increases significantly more in locations in which a new microfinance bank branch opened compared to locations it did not. In another study on 'microfinance banks and rural development in Nigeria, 2007-2012', by Okwoli, Abubakar and Abubakar (2013), they found that microfinance programme is a good empowerment measure, the proper management of which would help improve the living condition of the rural dwellers. In an attempt to evaluate the impact of the microfinance sub sector of the economy in promoting financial inclusion in Nigeria, Umar (2011) opined that the sector has performed sub optimally given some challenges which were being addressed by the apex bank.

The preceding studies shed more light on the importance of microfinance banks as institutions, as well as their significant role in promoting financial inclusion especially among neglected groups like the rural populace. This therefore justifies the proposition of microfinance bank branches target by the NFIS. The effect of this target on the rural populace within the four years the programme has lasted deserve evaluation in order to complement the conclusions of the studies reviewed here.

2.5Effect of Savings on Account Ownership

Savings is a key component of banking activities. It can be described as the gate-way of the financial intermediation function of banks, because it is the funds mobilised from savings that banks consequently channel as credit to borrowers or loan takers. Savings is important in measuring the economic behaviour of human beings, as it is the unconsummated part of an individual's earnings (Singh, 2011). An individual's savings can be seen as the excess of their current income over current consumption or expenditure (Henderson & Poole, 1991). The more savings a bank can mobilise, the more liquidity it would have at its disposal to be extended as

credit to willing and qualified borrowers. According to Michael (2013) saving behaviour is largely influenced by several variables like the perception of saving of those who save, their ability, willingness, objectives or motivations for saving and the opportunity to save.

Studies which have tried to assess the determinants of savings are unanimous in recognising 'income' as one of the basic determinants. For instance, in an attempt to explore the determinants of savings among low-income individuals in Rural Uganda, Chowa, Masa and Ansong (2012) came up with the finding that income, proximity to financial institutions, financial education and financial incentives are positively influential in savings performance among the population studied. Also, the Keynesian Savings function and the Friedman Permanent Income postulate a positive relationship between savings and income. Friedman Permanent Income hypothesis distinguishes between permanent and transitory components of income in which case households tend to consume the permanent income while the transitory income is channelled into savings with a marginal propensity to save from this income approaching unity (Quartey&Blankson, 2008; as cited in Michael, 2013). Studies conducted by other scholars have also found similar results. For instance, Collins (1989) examined the saving behaviour in nine Asian developing countries plus Turkey since the early 1960s. Using a times-series data, the results show trends and differences in saving across countries and within countries over time. However, in the midst of all the differences in savings rate and savings behaviour, the results from all the countries confirmed that increase in income have a positive effect on household savings.

Saving is an important indicator of financial inclusion. The NFIS target is to increase savings in the country from 24.2 per cent in 2010 to 60 per cent in 2020. Albeit, key determinants of

savings like income level as suggested in the literature have not really been considered, given the national minimum wage agitation between labour and government; the outcome of this study would provide more understanding on the position of income as a basic determinant of savings, and whether the pursuit of this target has significantly caused an increase in the savings behaviour of the rural populace in the study area; which would consequently mean an increase in the level of financial inclusion among them.

2.6Effect of Payment on Account Ownership

Over time, payment system has gained more attention in the realm of financial discourse. This is because it has moved from being just a narrow channel for transferring funds to a much wider integrated network for transferring additional forms of value. Moreover, the creation of networks and systems for retail payments can have a substantial role in supporting financial access in developing countries. Indeed, modern retail payment technologies and innovative programmes to channel recurrent payments efficiently could as well be used to integrate the previously underserved and non-served populations into the formal financial sector. Mobile money for instance is vital in this regard. However, to efficiently and safely process modern payment instruments, a well-functioning infrastructure is necessary; in order to successfully enhance a country's population access to, and widespread use of, such modern payment instruments (World Bank, 2010). "Payments are the financial instruments that people and businesses around the world use to transfer funds and this makes them one of the most important parts of a company's financial operations" (Treasury Alliance Group, 2014; p.1). Through payment system, monetary value is transferred between two or more parties discharging mutual obligations. "Payment system is a set of processes and technologies that transfer monetary value from one entity or person to another. Payments are typically made in

exchange for the provision of goods, services, or to satisfy a legal obligation. They can be made in a variety of currencies using several methods such as cash, cheques, electronic payments and cards" (Treasury Alliance Group, 2014; p.2).

Payment over the years has shifted from being just a manual activity, to partly and completely electronic. In the olden days, payment was purely manual where value changed hands between individuals or groups. The manual payment system is what Sumanjeet (2009; p.21) describes as conventional payment system; which he attempted to compare with the electronic payment (e-payment) as follows:

Conventional vs. Electronic Payment System

> To get into the depth of electronic payment process, it is better to understand the processing of conventional or traditional payment system. A conventional process of payment and settlement involves a buyer-to-seller transfer of cash or payment information (i.e., cheques and credit cards). The actual settlement of payment takes place in the financial processing network. A cash payment requires a buyer's withdrawal from his/her bank account, a transfer of cash to the seller, and the seller's deposit of payment to his/her account. Non-cash payment mechanisms are settled by adjusting i.e. crediting and debiting the appropriate accounts between banks based on payment information conveyed via cheques or credit cards.

The position by Sumanjeet (2009) differentiate between the conventional (i.e. manual) payments system from the electronic payments system. He indicated that the conventional system is substantially based on physical exchange of value whereas the latter does not, rather it depends on instrument or platform provided for by the banking system through which value can be transferred between accounts. This means that the latter that is, electronic payment system by no means deals more with accounts than the exchange of physical cash between individuals or groups; which therefore have positive implication for account ownership.

With the advent of computer technology, payment started taking a new dimension so much that today, payment could be consummated completely electronically. In a study on e-payment system in Nigeria, Asaolu, Ayoola and Akinkoye (2011) established that the e-payment system is better than the old system which is basically cash and cheque based. Albeit, they added that the system is not cost effective to both government and other users. In another study on the emergence of payment systems in the age of electronic commerce, Sumanjeet (2009) argued that smart card e-commerce based payment system is common and best; and it is expected that in the future smart cards will eventually replace the other electronic payment systems. Although widespread payment system is indicative of high financial inclusion, achieving full financial inclusion requires going beyond the narrow range of payment services to a broader range of services which will ensure that the account users find these suitable to their needs (Alexandre et al, 2012).

Although payment, be it conventional or electronic is not the only target of the NFIS in engendering financial inclusion in the country, which Alexander et al indicated cannot be sufficient in this regard, unless it is blended with other services. This study is primarily concerned with evaluating the role which the NFIS payment target has played in the promotion of financial inclusion among the rural populace mid-way into the life span of the programme. This will enable us to come to a better understanding of some of the studies reviewed here, which indicates that payment, be it electronic or conventional is a sine qua non for financial inclusion.

2.7 Account Ownership

Any individual who work into a bank to deposit money for instance, deposit same into an account whether his or not. As such an account is basic in banking business. An account may be defined as a contract between a customer and a financial institution (bank) which defines a formal business relationship between the customer and the bank, whether such an account is a savings account, current account, fixed deposit account or some other form of account arrangement that is acceptable by regulation. Owning an account in a bank is basic in the definition of a bank customer at point of law, which is consequently an imperative of financial inclusion.

The phrase bank customer goes beyond the ordinary usage of the word customer in everyday life, as the legal literature on banking has revealed over the years. "In the course of its daily business transactions quite a number of people go into a bank with different motives; some to deposit money, some to cash cheques, some just to make one inquiry or the other. Some of these people maintain a subsisting account relationship with the bank, while in some cases it is a 'one off affair, perhaps never to be repeated again'. Hence, the question is; can all these people be called customers to the bank?" (Adebayo, 2013:p.21). Ownership of an account in a bank is the basis for the establishment of customer-banker relationship recognized at law, on which ground a bank can sue and be sued respectively. This therefore answers the question above by clearly showing that not all those who go into a bank for one thing or the other during the course of its daily transaction are customers of a bank. This position was made clear in the landmark judgement on the case of *Great Western Railway Co. V. London and County Banking Co. Ltd in 1878*. In this judgement one Huggins who was known by the bank for exchanging cheques even though had no account with the bank, was sued as a customer of the bank. The

first judgement and subsequent appeals held that Huggins was not a customer of the bank, in the words of Lord Davey: "There must be some sort of account either a deposit or current account or some similar relation to make a man/woman a customer of a bank" (Irokalibe, 2007:p.29;& Adebayo, 2013:p.21-22). The same position was maintained by the Privy Council in the case of *Commissioner of Taxation V. English, Scottish and Australian Bank Ltd*; where Lord Dunedin held that "ones account need not be for a specified duration before one becomes a customer of a bank. Adding that rendering of casual services on regular basis to an individual by a bank does not make him/her a customer of the bank" (Adebayo, 2013:p.22). When people are adequately equipped with banking information and knowledge, have the bank branches readily accessible and affordable to them, they can easily save, make and receive payment accordingly.

Financial markets in developing countries are quite limited, especially in rural and relatively sparsely populated areas. Consequently, many financial transactions occur between individuals, without the formal intermediation of banks or insurance companies (Dupas, Keats & Robinson, 2016). Simplifying account-opening processes and removing fees for no-frills accounts can sharply increase account ownership, especially for customers who are often illiterate, lack formal identification documents, and may be uncomfortable interacting with bank officials (Goldberg, 2014). The majority of the poor lack access to bank accounts and have to use costly informal savings mechanisms. High take-up or account opening and usage rates may partly be explained by convenient access and lack of fees of any kind. However, banks might not find managing small accounts appealing because of the high administration costs associated with running them (Prina, 2013).

While studying the foundations of financial inclusion as well as understanding the ownership and use of formal accounts, using data from 123 countries of the world; Allen, Demirguc-Kunt, Klapper and Peria (2012) found that greater ownership and the use of formal accounts, is associated with a better enabling environment for accessing financial services, such as lower account costs and greater proximity to financial intermediaries. They further added that, Policies targeted to promote financial inclusion-such as requiring banks to offer basic or low-fee accounts, exempting some depositors from onerous documentation requirements, allowing correspondent banking, and using bank accounts to make government payments-may be especially effective among those most likely to be excluded. In order to find out how the characteristics of local banking markets influence account ownership rates in the United States, Karson (2016) instituted a study in which he found that variations in local banking communities do influence significantly the rate of account ownership in different communities. This explains the question of peculiarity of the rural populace which is a local variation as maintained by Karson that could explain the different rate of financial inclusion between communities or populations.

The studies reviewed here indicate that account ownership is indeed a factor of financial inclusion, and that different factors such as bank branch proximity, types and costs of services as well as peculiarities of local communities/populations are influential in promoting it. Although different types of accounts abound, such as current account, savings and time deposit account, this classification is immaterial in this study; because the concern of this study is strictly financial inclusion, which is defined and measured here in terms of account ownership by the rural populace.

2.8Concept of Rural Populace

To assert that a particular settlement is rural or otherwise in academic parlance may be a bit difficult as there doesn't seem to exist, any generally accepted standard for doing so. This position is supported by Dijkstra and Poelman (2014) when they maintained that a definition at the international level of the two central concepts of urban and rural areas which are understood and widely used by a range of policy makers, researchers, national administrations and international organisations such as the Organisation for Economic Cooperation and Development (OECD), the United Nations (UN) and the European Union (EU), has remained elusive. They further posited that the UN for instance, publishes data on cities, urban areas and rural areas, but relies almost entirely on national definitions of these areas.

In many countries, the criterion for determining which settlement constitutes an urban or rural area may be predicated upon the population size or population density, which are standard determinants of rurality, as a result of which some attempts to define the rural areas as those with low number of people living on any given area of land (rural population density is rural population per designated sized land area) (Lawrence, 2011). This therefore underscores the argument by Plessis, Beshiri, Bollman and Clemenson (2001) that the word 'rural' may be subject to several alternative interpretations in national policy analysis, because the basis on which any geographic space is classified as 'rural' has implications for the application of each definition. They argue further that for each rural issue; analysts should consider whether it is a local,community or regional issue in order that it should influence the type of territorial unit upon which to focus the analysis and the appropriate definition to use. In line with the foregoing therefore, they unanimously agree that the yardstick for defining or classifying a

geographic space as 'rural' should be based on: 'why the definition?' This is because different definitions generate a different number of rural people.

The classification of a settlement as rural may be defined on the basis of population in physical spaces with or without access to key services, or function in the sense of the way space is used– the degree of social and economic activities.Iwena (2000) defined rural area as a settlement which is a relatively small area with a socially homogeneous people that know one another to a certain extent. He added that, the settlement may be nucleated, dispersed or linear. A rural settlement is any geographic space that harbours a population of not higher than 5000 people, many of whom are engaged in basic economic activities such as agriculture, fishing or mining (Ojo, Ologe&Ezechukwu, 1992). Recognising the position of Plessis, et al (2001) who asserted that there is no one best way of defining the term 'rural population', Emielu (2000) sees the rural area as that containing a few scores to a few thousand people. He further stated that the cut-off point between the rural and the urban area vary from country to country, however most rural settlements are below 10,000 people.

The definitions of the concept of 'rural area/populace' by Lawrence (2011), Iwena (2000) and Emielu (2000) are not adequately suited for this study in the sense that, population is the common focal point of their definitions which is inconsistent with the position of Plessis et al (2001). However, the definition by Ojo et al (1992) is more liberal by blending two factors (population and function i.e. economic activities) and therefore is considered important to this study as highlighted above in the definition of terms on the first chapter of this study, as well as the yardstick prescribed by Plessis et al (2001).

2.9Past Policy Efforts on Rural Financial Inclusion in Nigeria

The Nigerian government long before now have realised the relevance of financial inclusion as a key factor for the achievement of a formidable financial system in the country. In line with this apparent realisation, the government had in the past made different attempts to come up with formidable policies, programmes and strategies to tackle headlong, this economic canker worm (financial exclusion). Some of the policies and programmes enacted include: The Rural Banking Programme of 1977, the People's Bank of Nigeria 1989, the community banking programme 1990 which was later transformed into the micro finance banking policy of 2005. The rural banking scheme as indicated earlier was introduced in 1977 by the Central Bank of Nigeria (CBN) with the following objectives:

I. To provide a platform for the mobilisation of savings in the rural areas through the diffused network of branches in all parts of the society;
II. To encourage banking habits among the largely agrarian rural population;
III. To provide credit for the growth of the small scale industries and entrepreneurs; and
IV. To promote balanced development and eventual reduction in the rural-urban migration.

These objectives were to be accomplished through a three-phased-implementation arrangement, which was however implemented in two phases, with the first phase lasting between 1977 and 1980. In the first phase the banks were given a target of two hundred (200) branches, which they did achieve by the end of December 1980 (CBN 1988, as cited in Abduraheem, 2000). And the second phase took off thereafter. By 1994, a total of six hundred and two (602) rural bank branches had been established across the country, and this was one hundred and sixty four (164) branches short of the projected seven hundred and sixty six (766) branches for the country. Be that as it may, many of these banks failed within a limited time after their

establishment as a result of poor infrastructural facilities, inadequate financial as well as human resources to manage them (Kama and Adigun, 2013).Despite the collapse of the programme (rural banking scheme; 1977), the immediate effect of this initiative was the fact that more members of the rural populace had increased access to the use of banks, particularly for savings and money transfer facilities-engendering banking habits among them. Another observed effect of all these initial programmes on the level of financial inclusion was reflected in the decline in the ratio of Cash Outside Bank to the Stock of Narrow Money Supply in the economy from 61.1 per cent in 1969, to 44.3 per cent in 1979 to 40.9 percent in 1989 (Martin, 2008 cited in Kama & Adigun, 2013).

In furtherance of effort according to Kama and Adigun (2013), to promote increased savings culture and enhance banking habits across the country, the Nigerian Government founded the People's Bank and also facilitated the establishment of Community Banks (CBs). Both banks were institutions targeted at the low-income/rural dwellers. The people's bank as stated earlier was established in October 1989 while the community banks were licensed in the 1990s, both to serve the poor in the society through the acceptance of small deposits and provision of microcredit to the low-income members of the economy. While the people's bank later folded-up as a result of excessive government bureaucracy, who prevented it from extending its impact beyond its early years, the CBs were as a matter of government policy directed to convert to microfinance banks in line with the bank consolidation programme of the CBN in 2004 (Kama & Adigun, 2013).

All of these previous policies and programmes were aimed at engendering financial inclusion in the rural areas, which is believed to be a panacea in breaking the circle of poverty and

attaining sustainable development which has eluded the developing countries like Nigeria for several decades due to the continued failure to integrate all segments of the society, especially the low income people in the production process. The system has not provided the majority of the poor people, especially those in the rural areas with secured access to credit for investment in economically productive ventures. Despite efforts by successive governments in the country to address the issue, not much has been achieved, to say the least (Yunusa, 1998). It was at the backdrop of this and in line with the fifth objective of the microfinance policy guideline of 2005for the country as amended in 2011, that Diamond Bank-being the first deposit money bank in the country to evolve such an aggressive strategy; keyed in with an innovative initiative to re-strategize in the delivery of enhanced banking services in the rural areas. Pursuance to this initiative, the bank deployed the Net 1 UEPS banking technology to provide banking solutions to the under banked and unbanked in the rural communities through a strategic partnership with Smart Switch, an indigenous switching company. To consolidate on this laudable initiative, the bank also went into strategic partnership with various micro finance institutions (MFIs) who have adopted the technology in meeting the financial needs of their clients (Onwuka, 2007).

2.10Structural Challenges of the Rural Dwellers in Nigeria

The rural areas in Nigeria have many things in common. First and foremost, the rural areas have been established to harbour a greater part of the country's population-put at about 70 per cent (Ojo, Ologe&Ezechukwu, 1992). There exist a strong bond between the rural areas and their urban counterparts in Nigeria. For instance, the urban areas depend heavily on their rural counterparts for the supply of industrial raw materials, food i.e. food stuffs like yam, plantain, beans, rice, etc. conversely, the rural areas depend on the urban areas for administrative machinery for effective governance, manufactured goods, market for farm produce,

employment, information and capital flow (Iwena, 2000). This interdependence could aptly be described as origin and destination relationship respectively. Despite this economic, political and social nexus between the rural areas and the urban centres, the previous is mostly not given the desired attention as it ought vis-à-vis the latter to the extent that Nwankwo and Nwankwo (2014) are compelled to describe life in most Nigerian rural areas as 'lifeless'; due to the menace of poor condition of access roads, unreliable sources of good water (partly affecting the urban centres too), inadequate electricity supply, gross absence of banks and other formal financial institutions, etc. These challenges are partly the reasons for the exit of some able-bodied youths from the rural areas to the urban areas popularly described as the rural-urban migration, with its attendant concomitants on the urban centres in the country. Ijere (1990) cited in Nwankwo and Nwankwo (2014) posits that these challenges would remain a development encumbrance in the developing world and particularly Nigeria due to the following issues:

> **1. Lack of National Philosophical Base.** The Nigerian rural dwellers lack a philosophical, ideological andholistic foundation. It had a body (policy-makers and government functionaries) but had no soul to give it lifeand sense of direction.
> **2. Lack of Integrated Pilot Demonstration.** Before 1976, there was no national rural development programmein Nigeria. What was in vogue was segmented or unco-ordinated rural development where it is assumed that newprogrammes in one community will have ripple effects on other communities and institutions. The establishmentof Rural Development at federal level to mobilize people, initiate local projects with local leadership, promoteagriculture, rural development and community projects have not work well due to lack of access to finance andthe level of unbanked.
> **3. Lack of Cohesive Identity.** Failures have occurred in rural development as people regard the social andcultural aspects of development as subordinate to the economic development. This is because any innovation thatdoes not guarantee the cohesiveness of the group, the level of banking awareness and respect for their historyand beliefs has little hope of survival.
> **4. Defective Local Economies.** People tend to treat rural dwellers' projects as charity or welfare packages. Fewpeople are interested in the costing, evaluating and ensuring that targets are met. As such, production

isemphasized in rural development policy while marketing and marketing outlets are neglected.

5. Lack of Financial Access. Rural dwellers in developing countries are faced with a lot of problems, the mostsignificant of these problems is inadequate access to finance. This limited access to finance is the frequent cause ofmarket failure which has a negative impact on rural dwellers productivity (Ijere, 1990; cited in Nwankwo&Nwankwo, 2014; p.26).

The argument here is that the peculiarities of the rural areas in Nigeria are well known to a greater extent. For instance the issue of road infrastructure, power and the citing of major public institutions which are major attraction to banks, are not compatible to the urban areas. This has resulted in inadequate policies and programmes peculiar to the rural areas, or even where there are, the commitment to their implementation have not been adequate enough. The result of this is the high level of financial exclusion in the rural areas vis-à-vis their urban counterparts.

When rural dwellers have access to finance under an appropriate structure and arrangement, it enables them to dowhatever they do best and earn money for it. Thus, finance is an essential input, and if there is limited availability, itbecomes a constraint to production since expenditure must be limited to the available cash rather than to theproductive potential (Ijaiya, 2010; cited in Nwankwo&Nwankwo, 2014). Hence the rural dwellers have been identified to form a large share of theeconomic activities of the country. They therefore, need financial support for effective economic management and the process ofeconomic development at that level of the economy.

2.11Theoretical Framework

In view of the nature of this study which is inclined to evaluating the effect of the national financial inclusion strategy on bank account ownership among the rural populace in

KudanLocal Government; it is based on Theory of Ownership Structure of the Firm and Contingency Management Theory.

2.11.1 Theory of Ownership Structure of the Firm

The theory of ownership structure of the firm was developed by Jensen and Meckling in 1976; which they based on the theory of agency cost and property rights theory. The main assumption of the theory is that, managers would be more effective and efficient in the management of a firm in which they partly or fully own than in the management of a firm in which they have no any form of ownership. The theory seeks to explain the influence of ownership structure in the efficient management of a firm; by positing that managerial negligence and profusion would always prevail more or less in the management of the affairs of a company in which the board of directors/management of the company have no share of ownership.

Contributing to this theory, Desender (2009) established that there is indeed a relationship between ownership structure and performance of the firm. This is because the ownership structure influence the priorities of the board of directors which consequently affect the performance of the firm either positively or negatively. Thus, the ownership of account by the rural populace in the study area (Kudan L.G.A) or the otherwise of it has implication (positive or negative) for the performance of the NFIS in the area. It would be positive where the programme's targets has so far caused a rising increase in the ownership of account in the area, otherwise, is negative.

2.11.2 Contingency Management Theory

Contingency management theory is a behavioural theory developed by Fred Fiedler in 1964. The theory argues that there is no one best way of managing, and that a management style that is effective in some situations may be ineffective in some others. In other words, the optimal management style should be contingent upon the various internal and external constraints of the organisation. The main assumptions of the theory are:

i. There is no universal or one best way to manage;
ii. The design of an organisation and its subsystems must 'fit' with the environment;
iii. Effective organisations not only have a proper 'fit' with the environment but also between its subsystems and;
iv. The needs of an organisation are better satisfied when it is properly designed and the management style is appropriate both to the tasks undertaken and the nature of the work group.

Thus, given the peculiarities of the rural populace in the study area, the argument here is that adopting the same strategy for the inclusion into the mainstream financial system those currently excluded from the formal financial system across the country, may not yield the desired result. Rather the strategy to be used for each group of the financially excluded should be contingent upon the peculiarities of the group.

The theory of ownership structure of the firm is adopted for this study because the study is aimed at determining the effect of the NFIS on account ownership. That is whether the implementation of the NFIS has had any significant positive effect on account ownership by the rural populace in Kudan L.G.A.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research has been broadly defined to mean a process of finding out the solution to a problem (Atoyebi, 2010). It is a systematic investigation into, and study of materials and sources in order to establish facts and reach new conclusion(s).This chapter is primarily meant to give detail explanation on the approaches or procedures used by the researcher in executing the study proper. This particularly involves issues like the research design, study population, sample size, method and instrument of data collection, as well as method(s) and instrument of data presentation and analysis.

3.2 Research Design

The research design employed for this study was a simple survey, and was cross-sectional in nature; this is because this research work involves the study of a group of people (population) studied through a representative sample of the population on whom data was collected and analysed. According to Vincent, Olaegbe and Sobona (2008; p.172) "survey research design is a social scientific approach that studies small and large population (i.e. universe) by selecting and studying a sample of the population to determine the relative incidence, distribution and interrelations among sociological and psychological variables". In the light of the foregoing, the tools used must be able to obtain data from either a primary or secondary source, which must comprehensively and precisely capture the relevant and useful sociological and or the psychological condition of the respondents.

3.3 Overview of the Study Area

The study focuses on the households of the minor settlements of the study area. This is because they and their population composition adequately satisfy the study's definition of rural populace as defined at the introductory part of this study. A minor or small settlement as used here refers to any settlement with less than a hundred households.

Historically, Kudan Local Government Area was created in 1988 after the creation of Katsina State in 1987, out of the old Kaduna State by the military regime of General Ibrahim BadamasiBabangida. In terms of economic activities the council area is predominantly agrarian in nature. Hunkuyi is the seat of the local government secretariat, with Doka, Kauran-wali, Kudan, and Likoro as the major settlements. On the other hand, the minor settlements include, Tashan-Dauda, Bagadi, Lafiya, Dandako, Sabon-Gida and Ungwan Fulani. The major ethnic groups in the local government are Hausa/Fulani, with a fraction of Kanuri and other settlers as minority. As stated earlier, the major economic activity is agricultural production-which gives it the attributes of typical Nigerian rural council area, hence its suitability for this study. Some of the agricultural produce include, in terms of grains: maize, guinea corn, millet, and Irish potatoes representing the tuber crops. While in terms of livestock are: cattle, goats, rams/sheep and chickens.

Table 3.1 Minor Settlements and their Households in KUDAN L.G.A

S/NO	Name of settlement	Number of households
1.	Bagadi	47
2.	Dandako	31
3.	Lafiya	51
4.	Sabon-gida	14
5.	TashanDauda	44
6.	Ungwan Fulani	07
	Total	194

Source: Field survey, 2015

The total number of households of the minor settlements put together stood at 194 based on the housing census conducted.

3.4 Population of the Study

The population of the study comprise the 194 households of the minor settlements in the local government as shown on table 3.1.

3.5 Sample size and Sampling Technique

Sampling enables a researcher to maintain the integrity of the research when taking into consideration, constraints like time and other implicit costs. In this study therefore, census sampling was used; that is the entire population was studied. The 194 households therefore were the sample size of the study, which means that a household each represented a questionnaire.

3.6 Model Specification

$$Ao = \beta_{0+} \beta_1 FinLitTag + \beta_2 MFBBTag + \beta_3 SaveTag + \beta_4 PayTag + \mu$$

Where:

Ao= Account ownership

β_0= Constant (Intercept)

β_1FinLitTag = Financial Literacy Target

β_2MFBBTag = Microfinance Banks' Branches Target

β_3SaveTag= Savings Target

β_4PayTag = Payment Target

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4,$ =denotes unknown parameters to be estimated

μ = Error Term

3.6.1 Justification for the Model Used

The above model shows that the independent variable, that is, National Financial Inclusion Strategy (NFIS) which is proxy here by the following variables: financial literacy target, microfinance banks branches target, savings target and payments target; are here represented by β1…4. This was regressed against the dependent variable (account ownership), which doubles as the proxy of the dependent variable and is represented in the model byAo. Regression was chosen because the study seeks to explore the effect or influence of the independent variable on the dependent variable among the rural populace in the local government.

3.7 Sources of Data

Research data are basically obtained from two main sources namely, primary and secondary. The source of data hence, defines the type of data used in a study-which could either be primary or secondary accordingly.

Primary source of data has to do with where a researcher obtains facts and figures scientifically from first hand source through the use of instruments like questionnaires, personal interview or personal observation. In this case, the conclusion of the researcher is absolutely based on the direct responses provided him by the study population. Secondary source of data on the other hand is that in which a researcher obtains his/her facts and figures from previous reports or what may be termed, second hand data. These may include companies' annual reports, previous researches and periodicals. For the purpose of this study however, primary data were used to provide answers to the research questions, as well as test the hypotheses.

3.8 Instrument of Data Collection

In research, many instruments abound for the purpose of collecting data, some of which include: questionnaire, interview, observation, panel techniques and telephone survey (Vincent et al, 2008). For this study the researcher employed the use of structured questionnaire based on a five (5) Likert scale of strongly disagree (SD), disagree (D), undecided (U), agree (A) and strongly agree (SA) as the instrument of data collection, which was adapted from Rachana (2011); Survey on the Financial Literacy of the Portuguese Population (2010); Bill and Melinda Gates Foundation Global Findex Questionnaire; Rai and Saha (2010). This enabled the researcher to obtain relevant information given the fact that the structure of the questions provided the respondent ample opportunity to take a clear position on each question.

3.8.1 Validity and Reliability of Instrument of Data Collection

The instrument used in sourcing data for this study was validated by two experts. In order to test for the reliability of the instrument (questionnaire) however, a pilot study was conducted in the study area in which 40 questionnaires were randomly administered to 40 households. The

reliability of the questionnaire was tested using data obtained from the 40 sampled respondents as shown on table 3.2

Table 3.2 Test of Reliability Result

Responses	No of Items	Cronbach'sAlpha
NFIS Financial Literacy Target	6	.864
NFIS Microfinance Banks' Branches Target	6	.949
NFIS Savings Target	6	.950
NFIS Payment Target	6	.906
Account Ownership	9	.711

Source: SPSS Version 20 Output, 2016

Table 3.2 shows the reliability test coefficients for all the constructs used in this study. All alpha reliabilities for all scales ranges between 0.70 and 0.95 put forward by Cronbach, thereby meeting the minimum acceptance standard for testing an instrument in modern research (Tavakol&Dennick, 2011).

3.9Techniques of Data Analysis

Data analysis refers to the method or procedure used in summarising the raw data collected as well as the process used in converting the summarised data into valid and relevant information to address the study question(s). Data were first summarised using simple frequency tables of descriptive statistics, while parametric statistical tool of regression analysis was used to test the hypotheses and the Statistical Package for Social Sciences (SPSS) version 20 was employed in the analysis. Regression was used in order to explore the influence of the strategy so far on the involvement of these rural people in banking through bank account opening/ownership. In

other words, to determine how the programme (NFIS) has increased the absorption of the rural populace in the local governmentso far, into banking system. The study comprises four hypotheses which were derived from the study's independent and dependent variables (i.e. the national financial inclusion strategy and bank account ownership by the rural populace respectively). There is a hypothesis on the programme's financial literacy target, microfinance banks' branches, savings, and payment targets; which according to the programme are key indicators of financial inclusion, and on which basis the financial inclusion of the rural populace was measured.

3.9.1 Decision Rule for Test of Hypotheses

Decision rule in most researches range between 1 per cent level of significance (most commonly used in medical sciences), 5 per cent level of significance and, or 10 per cent level of significance. In this study, the researcher made use of 95 per cent confidence level at 5 per cent level of significance as the yardstick or rule for the rejection or otherwise-acceptance of the null hypotheses, which is most commonly accepted and used in social science researches.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter is primarily concerned with the presentation and analysis of the data collected from the field, as well as the discussion of the study's findings thereafter, in order to achieve the objectives of the study. In order to attain the said objectives therefore, the financial literacy target, microfinance banks' branches target, savings target and payment target (independent variables) were regressed against account ownership (the dependable variable); and on the basis of which the hypotheses was tested and the findings discussed.

4.2 Data Presentation

A total of 194 questionnaires were distributed according to the number of households per settlement displayed on table 3.1. A total of 187 questionnaires representing 96.39 per cent were returned. Thus, the analysis carried out was based on the 187 questionnaires retrieved.

Table 4.1 Summary of Responses

Item	No of Copies	Percentage
No of Questionnaires Administered	194	100
No of Questionnaires Returned	187	96.39

Source: Researcher's computation, 2016

4.2.1 Descriptive Statistics

This section presents the descriptive statistics of the demographic attributes of the dependable variable, as well as the descriptive statistics of the independent and dependent variables. The

demographic attributes comprise the age and educational background of the respondents. On the other hand, financial literacy target, microfinance banks' branches target, savings target, payment target and bank account ownership constitute the independent and dependent variables respectively. While the analysis of the demographic characteristics is based on simple percentages, the analysis of the independent and dependable variables is predicated upon the following rule: a mean score of 1-2.40 is rated below average, 2.41-3.40 is rated average and 3.41-5.00 is rated above average.

Table 4.2 Age Distribution of Respondents

		Frequency	Per cent
Valid	18-25 years	28	15.2
	26-33 years	29	15.6
	34-41 years	15	7.8
	42-49 years	56	30.0
	50 years and above	58	31.3
	Total	187	100.0

Source: SPSS Version 20 Output, 2016

Table 4.2 shows the age range of the respondents. A total of 28 respondents (15.2 per cent) and 29 (15.6 per cent) fall within the age bracket of 18 to 25 and 26 to 33 respectively. 15 (7.8 per cent) are within the ages of 34 to 41; while 56 (30.0 per cent) and 58 (31.3 per cent) are within the ages of 42 to 49 and 50 and above respectively. This shows that majority of the responses came from the most elderly adults of the households who mostly were from ages of 42 and above, because even though some of them had grown up children who were even married but

living within the same compound or yard as their fathers, they declined any response until the head of the entire household (*i.e. maigidanmu or ubangida*) was duly notified, as a mark of recognition and respect to his authority-in line with our African tradition.

Table 4.3 Respondents' Educational Background

		Frequency	Percent
Valid	1st Degree/HND/Professional Qualification	15	7.8
	ND/NCE/HSC	28	15.2
	SSCE/GCE	43	23.0
	1st Sch. Leaving Cert.	28	15.2
	No Education	72	38.7
	Total	187	100.0

Source: SPSS Version 20 Output, 2016

In terms of educational attainment, 15 (7.8 per cent) of the respondents have a first Degree, Higher National Diploma (HND) or some other professional qualification. 28 (15.2 per cent) have obtained a National Diploma (ND), Nigerian Certificate in Education (NCE) or a Higher School Certificate (HSC). Furthermore, 43 (23.0 per cent) and 28 (15.2 per cent) attended only secondary and primary school respectively; whereas 72 (38.7 per cent) did not receive any form of western education except perhaps, Quranic education *(i.e. Muhammadia*). Having the highest number of the respondents without any form of western education is apparently clear, judging from their ages on table 4.2. It shows that most of the heads of the households (*i.e.*

maigidanmu or ubangida) belong to the older generation, most of whom grew up at a time when western education was not very common in Northern Nigeria as it is today.

Table 4.4 Descriptive Statistics on NFIS Financial Literacy Target

	N	Mean
	Statistic	Statistic
I have been taught about banks and banking services in school	187	2.45
A few financial institutions' staff have been in this community once or twice between 2012 and year 2016, to carry out financial literacy campaign	187	1.91
I am aware of the basic services readily available for my consumption in the banks and other financial institutions	187	2.26
I got to know about banking services from a friend, colleague and/ relation	187	2.97
I only have very little knowledge about banks and their services	187	2.68
What would be your position should we say that from 2012 to year 2016, 50% or more of the people in this community have become more aware of the services and products available for their consumption within the banking system	187	2.13
Valid N (listwise)	187	

Source: SPSS Version 20 Output, 2016

Table 4.4 shows the mean responses to the questions in this section. The table shows that the mean response to the first question on financial literacy target of the programme (NFIS) is within the average (2.41-3.40); this indicates that an average number of the respondents i.e. the rural populace particularly the younger generation, ages 18-33 learned about banking and banking services in school. The second question has a mean response of below average (1-2.40); this indicates that financial institutions have not been very committed to organising or

carrying out financial literacy campaigns in the country's rural areas, as ordinarily intended by the NFIS programme. The response to the third question is also on a below average rate (1-2.40); this also shows that majority of the rural populace are not very conversant with the services readily available for their utilisation in the banking system. The fourth question has an average response rate (2.41-3.40); this indicates that some of the rural populace, who may be aware of some/all the banking services readily available for their utilisation, got such awareness from friends, colleagues or family relations. The response rate for the fifth question is also on an average (2.41-3.40); this indicates that the knowledge on bank and banking services among the rural populace is little compared to their urban counterpart, which justifies the highest number of the under banked and unbanked found in the country's rural areas as reported in the literature (Juma, 2007). The mean response for question six is below average (1-2.40); this shows that due to the poor level of enlightenment campaign by the banks and other financial institutions, a greater chunk of the rural populace are bereft of adequate knowledge of the services rendered by the banks especially in this twenty first century, where banking has predominantly become electronic.

Summarily therefore, the mean score of the questions related to enlightenment campaign effort(s) are below average (1-2.40); which underscores the reason for the below average score of the last (sixth) question, which is an opinionated summary of the responses of the previous questions; which is indicative of a low financial literacy level among the rural populace in the study area.

Table 4.5 Descriptive Statistics on NFIS Microfinance Banks' Branches Target

	N	Mean
	Statistic	Statistic
We now have a microfinance bank branch around us compared to previous years	187	2.46
I have known about the micro, small and medium enterprises development fund (MSMEDF) for about a year and more now	187	2.03
I have a current, savings or time-deposit account with one of the microfinance banks	187	2.23
The account was opened between 2012 and year 2016	187	2.09
The account was opened earlier than 2012	187	2.08
It is a salary account	187	2.26
Valid N (listwise)	187	

Source: SPSS Version 20 Output, 2016

Table 4.5 presents the descriptive statistics for the NFIS microfinance banks' branches target. The table shows that the mean response to the first question is within average (2.41-3.40); this indicates that majority of the respondents answered in the affirmative to the question; which means that the availability of the single microfinance banks in the local government even though may not be enough, but is widely acknowledged in the rural areas, and which availability is to some extent supplying the microfinance banking needs of this segment of the population (i.e. the rural populace) in the council area. The second questionrecorded a mean response of below average (1-2.40); which indicates that the Micro, Small and Medium Enterprises Development Fund (MSMEDF) is not well known by the rural populace of the country. Also, the third question has a below average response mean (1-2.40); which implies that only an insignificant portion of the country's rural populace have either a current, savings or deposit account with any of the few available microfinance banks branches within their

reach. Just like the second and third questions above, the fourth question also recorded a mean response that is below average. This shows that majority of the respondents neither had an account, nor opened the account if any within the time frame stipulated in the question (i.e. 2012 to 2016). The mean response to the fifth question is also below average; which indicates that most of the accounts owned with the microfinance bank(s) by the rural populace were opened earlier than 2012, that is the kick off date of the NFIS. Finally, question 6 also recorded a response mean that is below average (1-2.40); which means that most of the few accounts owned with microfinance banks by the rural populace in the area are mostly not salary accounts.

In summary, based on the mean responses in this item which are predominantly below average, suggests that even though the programme would have started having a positive effect on the rural populace in the area (due to the acknowledgement of the microfinance bank there), such effect may not be significant enough mid-way into the programme's implementation as all the communities within the study area acknowledged the existence of the only microfinance bank in the local government within the first half of the programme,vis-à-vis its 5 branches per 100, 000 adults, expected to be achieved in the remaining four years of the programme (2020).

Table 4.6 Descriptive Statistics on NFIS Savings Target

	N	Mean
	Statistic	Statistic
Banks have held a few savings mobilization programmes in our community between 2012 and year 2016	187	1.90
Between 2012 and year 2016, I have attempted to own a bank account but could not due to too much documentary requirements	187	2.10
Bank officials have once been here between 2012 and 2016 to educate and encourage us to learn to save our money in the bank	187	2.34
Bank(s) no longer make charges on my savings account(s) like before	187	1.79
From year 2012, could we say that at least close to 50% of the people in this community now own a savings account compared to previous years?	187	2.58
Ever since I opened my account, I save my money in the bank	187	2.48
Valid N (listwise)	187	

Source: SPSS Version 20 Output, 2016

Table 4.6 as can be seen displays the descriptive statistics for the savings target construct of the NFIS. The mean response to the first question is below average (1-2.40); this implies that between 2012 and 2016, banks have poorly performed in organising savings mobilisation programmes in the L.G.A.'S rural communities. The mean response to the second question is also below average (1-2.40); this indicates that the requirements for opening an account with the banks, is still cumbersome for the rural populace in spite of the NFIS programme. The third question also has a mean response below average (1-2.40); this implies that since 2012 (i.e. the commencement of the programme), bank officials have not been to the areas as ordinarily expected, in order to educate the citizens there more about banks and banking services. The mean response for the fourth question also recorded below average as can be seen on the

table(1-2.40); this shows that the respondents who own accounts confirmed that banks still make charges on their savings accounts as ever, despite the introduction of the NFIS. The mean response to the fifth question is on the average (2.41-3.40), this indicates that averagely, the number of the rural dwellers in the study area that now have accounts with banks have increased a bit from 2012 compared to the previous years. Lastly the mean response to the sixth question like question 5, is on the average (2.41-3.40); this shows that most of the rural dwellers who own one account or the other save their money in the bank ever since such accounts were opened.

In summary, considering the first four means on the table 4.6 which are all below average, with the last two which are on the average, it shows that even though there is a slight improvement in account opening and savings culture among the rural populace in the study area since the commencement of the programme as indicated by the last two means; much effort have not been made by the banks and perhaps the regulators, in reaching out to these peculiar people (the rural populace) as indicated by the first four means i.e. 1,2,3 and 4.

Table 4.7 Descriptive Statistics on NFIS Payment Target

	N	Mean
	Statistic	Statistic
Since the end of 2012, I notice few bank agents are beginning to visit our community through whom we can make and receive payment	187	1.88
I have ever received or made payment to a deposit money bank (DMB) through a microfinance bank	187	1.98
Recently I have seen a mini bank branch set up in one community in this local government	187	2.17
I hear banks use the New National Identity Card issued by the National Identity Management Commission (NIMC) to open account for people but I don't have it	187	1.91
I know a small or medium enterprise in this community that has recently received a loan from the micro, small and medium enterprises development fund (MSMEDF)	187	1.89
I know and often utilize most of the payment options like cheques, ATM, POS, mobile money and others	187	2.03
Valid N (listwise)	187	

Source: SPSS Version 20 Output, 2016

Table 4.7 shows the descriptive statistics for the payment target variable. The mean response for question one is below average (1-2.40); this indicates that within the four years that the programme has lasted, the activities of banking agents in the rural areas have been extremely insignificant vis-à-vis the programme's strategy. The mean response to the second question is also below average (1-2.40); this signifies that the expected interface between Deposit Money Banks (DMBs) and Microfinance Banks (MFBs) in terms of receiving deposits and making payments through the MFBs mid-Way into the programme, has not been very realistic so far in the rural areas of the local government. The third question has a below average mean response

(1-2.40); which explains the fact that banks' mini-branches are still very deficient in the area through which the rural dwellers would ordinarily have been making saving as well as withdrawals or other services as the case may be. The mean response to the fourth question is below average (1-2.40); this shows that most of the rural populace in the L.G.A have not yet started having access to the new national identity card issued by the National Identity Management Commission (NIMC) which they (rural dwellers) would have used to address some or all the Know Your Customer (KYC) issues/requirements in their desire to open accounts with banks. The fifth question has also recorded a mean response below average (1-2.40); this indicates that most of the micro, small and medium enterprises operating in the rural areas of the L.G.A have not really been benefiting from the activities of the Micro, Small and Medium Enterprises Development Fund (MSMEDF). Finally, the mean response to the sixth question is also below average (1-2.40); this means that most of the citizens living in the rural areas of the local government do not know very well the payment options opened to them such as cheque, Automated Teller Machine (ATM), Point of Sale (POS), mobile banking, etc. let alone utilise them.

Summarily therefore, given that all the items in this variable have mean responses below-average, it shows clearly that mid-way into the programme (NFIS), the payment target is still very far from being realised in the country's rural areas.

Table 4.8 Descriptive Statistics on Bank Account Ownership of the Rural Populace

	N	Mean
	Statistic	Statistic
I have a very active account(s) with at least one of the banks	187	1.90
I carry out one transaction or the other on my account at least once a month	187	2.19
I have ever collected a loan/overdraft payment on my account	187	2.00
I have an account but I have not use it for a long time	187	2.17
I do not have an account with any microfinance bank (MFB) or deposit money bank (DMB)	187	3.64
I don't have an account because I do not know anything about banking	187	3.45
I want an account but I don't have the know-your-customer (KYC) requirements	187	3.63
I don't need an account because of the charges banks make	187	2.40
What would be your position should we say that at least 50% of the adults in this community have a bank account(s)	187	1.86
Valid N (listwise)	187	

Source: SPSS Version 20 Output, 2016

The mean response to the first question is below average (1-2.40); this indicates that majority of the respondents that is, the rural populace in the study area do not have an active account with either an MFB or DMB. Question two has a mean response below average (1-2.40); this means that some of the rural dwellers who have an account with either an MFB or DMB do not patronise the bank regularly (i.e. once a month for instance).Also, the mean response to the third question is below average (1-2.40); which shows that even the few rural dwellers that may have one account or the other would not have used them to access one form of loan facility or the other. The fourth question also has a mean response below average (1-2.40); and this

indicates that some of the rural dwellers that own bank accounts make use of them only from time-to-time. That is, there are only a negligible number of those who use their accounts regularly. The mean response to the fifth question is above average (3.41-5.00); this simply indicates that majority of the rural populace in the study area and in the country perhaps, do not own an account completely with either an MFB or DMB. The mean response to the sixth question is also above average (3.41-5.00); which clearly shows that most of the rural dwellers in the study area know little or nothing about bank or banking services. This can also be understood from the behaviour exhibited by an average rural dweller on the day he/she works into a bank for the first time, which is mostly characterised by shivering and fidgeting.

In like manner with questions 5 and 6, the mean response to question seven is also above average (3.41-5.00); this indicates that most of the respondents i.e. the rural populace would want to own a bank account with at least a bank should they have the wherewithal (i.e. KYC requirements). The mean response to question eight is below average (1-2.40), this implies that most of the respondents would still want to own an account of some sort in spite of the banks' charges, baring all other encumbrances. Lastly, the mean response to question 9 is below average (1-2.40); which indicates that as at the time of this study, far below 50 per cent of the adult citizens in the study area, has one form of account or the other with either of the available banks in the country.

In summary, given the mean score of the ninth question, it is obvious that most of the rural populace in the study area and perhaps the country by extension, do not own one form of account or the other, in spite of their utmost desire to do so as explained by the mean scores of question seven and eight.

4.3 Factor Analysis

In order to provide for the constructs' validity evidence for this study, Principal Component Analysis (PCA) was carried out, with varimax rotation method so as to verify the underlying structure of the inter-relationship among the items into a set of common dimensions. The independent variables as well as the dependent variable were both subjected to the principal component analysis, in order to identify those items that are more closely related, as well as the correlation of the study's independent variables.

Table 4.9 Result of the Factor Analysis on the Independent Variables

Rotated Component Matrix[a]			
	Component		
	1	2	3
I have been taught about banks and banking services in school			.841
A few financial institutions' staff have been in this community once or twice between 2012 and year 2016, to carry out financial literacy campaign			.879
I am aware of the basic services readily available for my consumption in the banks and other financial institutions			.772
I got to know about banking services from a friend, colleague and/ relation		.872	
I only have very little knowledge about banks and their services		.880	
What would be your position should we say that from 2012 to year 2016, 50% or more of the people in this community have become more aware of the services and products available for their consumption within the banking system		.733	
We now have a microfinance bank branch around us compared to previous years	.839		
I have known about the micro, small and medium enterprises development fund (MSMEDF) for about a year and more now	.727		
I have a current, savings or time-deposit account with one of the microfinance banks	.889		
The account was opened between 2012 and year 2016	.789		
The account was opened earlier than 2012	.869		
It is a salary account	.765		
Banks have held a few savings mobilization programmes in our community between 2012 and year 2016	.840		
Between 2012 and year 2016, I have attempted to own a bank account but could not due to too much documentary requirements	.884		
Bank officials have once been here between 2012 and 2016 to educate and encourage us to learn to save our money in the bank	.843		
Bank(s) no longer make charges on my savings account(s) like before	.832		
From year 2012, could we say that at least close to 50% of the people in this community now own a savings account compared to previous years?	.871		
Ever since I opened my account, I save my money in the bank	.815		
Since the end of 2012, I notice few bank agents are beginning to visit our community through whom we can make and receive payment	.433		
I have ever received or made payment to a deposit money bank (DMB) through a microfinance bank	.890		
I hear banks use the New National Identity Card issued by the National Identity Management Commission (NIMC) to open account for people but I don't have it	.868		
I know a small or medium enterprise in this community that has recently received a loan from the micro, small and medium enterprises development fund (MSMEDF)	.843		
I know and often utilize most of the payment options like cheques, ATM, POS, mobile money and others	.857		

Eigenvalues		19.124	1.992	1.660
Percentage of Variance		65.944	6.868	5.723
Total Variance		65.944	72.812	78.535
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.				.899
Bartlett's Test of Sphericity	Approx. Chi-Square			12180.609
	Df			406
	Sig.			.000

Source: SPSS Version 20 Output, 2016
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

4.3.1 The Independent Variables: NFIS Financial Literacy Target (Component 1), Microfinance Banks' Branches Target (Component 2), Savings Target (Component 3)

Table 4.9 displays the result of the factor analysis for the independent variables. Initially they were measured by 24 items in four dimensions. The four variables were subjected to principal component analysis using SPSS version 20. Factor loading is only considered acceptable from 0.40 and above (Field, 2005). The factor loading ranged from 0.431 to 0.890.The variables were revised; with one variable (payment target) eliminated and only 1 item was removed, due to reasons such as cross loading and single item loading, which was responsible for the removal of the single item. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0.899 exceeded the 0.60 benchmark value (Field, 2005). This indicates that the sample size was adequate enough for the factor analysis to be carried out successfully. Statistically also, the Barlett's Test of Sphericity is significant which supports the factorability of correlation matrix. The PCA indicates the presence of three (3) components namely, financial literacy target, microfinance banks' branches target and savings target as 1st, 2nd and 3rd component respectively, which eigenvalues exceed 1. The constructs' percentage of variance includes 65.944 per cent, 6.868 per cent and 5.723 per cent for the first, second and third component respectively. Looking at the total percentage of variance therefore, it means that the three (3) components explained 78.535 per cent of the variance.

Table 4.10 Result of the Factor Analysis on the Dependable Variable

Component Matrix[a]		
		Component
		1
I have a very active account(s) with at least one of the banks		.923
I carry out one transaction or the other on my account at least once a month		.874
I have ever collected a loan/overdraft payment on my account		.844
I have an account but I have not use it for a long time		.932
I do not have an account with any microfinance bank (MFB) or deposit money bank (DMB)		.835
I don't have an account because I do not know anything about banking		.866
I want an account but I don't have the know-your-customer (KYC) requirements		.921
I don't need an account because of the charges banks make		.894
What would be your position should we say that at least 50% of the adults in this community have a bank account(s)		.535
Eigenvalues		6.578
Percentage of Variance		73.089
Total Variance		73.089
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.918
Bartlett's Test of Sphericity	Approx. Chi-Square	2359.485
	Df	36
	Sig.	.000

Source: SPSS Version 20 Output, 2016

Given the benchmark value of 0.60 for determining sample size adequacy for factor analysis, the sample herein is considered adequate because the KMO of 0.918 on table 4.10 is indicative of that. The Barlett's test of sphericity is also statistically significant because it supports the factorability of correlation matrix, at the P-value 0.000. The analysis further shows that the percentage variance is 73.089 per cent which indicates that the component explained 73.089 per cent of the variance. The component (account ownership) therefore, was defined by 9 items.

4.4 Reliability Analysis after Factor Analysis

After the factor analysis, a reliability test was conducted for each of the dimensions that emanated thereof. The result of the test is shown on table 4.11. As can be seen on the table, all reliability alphas met the benchmark of 0.70 as put forward by Chronbach(Tavakol&Dennick, 2011). As such, the scales are apparently adequate enough for subsequent analysis.

Table 4.11Result of Reliability Test after Factor Analysis

Variable	Chronbach's Alpha
Financial literacy target	.986
Microfinance Banks' branches target	.817
Savings target	.842
Account Ownership	.781

Source: SPSS Version 20 Output, 2016

4.5 Tests for Violations of Assumption for Multiple Regressions

The assumption of multiple regressions underscores the yardstick for achieving a formidable multiple regression analysis. In order to fulfil this requirement, the study's constructs were subjected to normality, linearity, multicollinearity and homoscedasticity tests.

4.5.1 Normality

Normality is a basic and necessary test usually carried out in studies as this in order to determine the adequacy of the data meant to be used in such a significant study. This is because a normal data is quite a step toward a successful and reliable study. Thus, the normality of the data for this study was tested and the result revealed that the data has a normal distribution, because all the bars of the histogram and residual plot are closed in a normal curve (see Appendix C).

4.5.2 Linearity

The linearity of the study's data was determined by the use of residual scatter plot. The assumption here is that the scores should scatter around zero (0) or most of the scores should concentrate in the centre along the zero (0) point. Thus, a check for linearity in this study shows that its assumption was not violated because the residual scores scattered around the zero point (see Appendix C).

4.5.3 Multicollinearity

Multicollinearity is tested for in studies such as this in order to help increase the variance of the regression coefficients for instance, as well as ascertain the validity of the regression equation. Cooper and Schindler (2003) noted that there is no specific criterion for the level of correlation that constitutes a serious multicollinearity problem, but maintained that correlations of 0.8 or higher are problematic. However, Hair et al (2010) opined that the general approach is that it should not exceed 0.75. Another approach to this (multicollinearity test) is to look at the Variable Inflated Factor (VIF) and the tolerance values. Here, Norusis (1995) held that any VIF that exceeds 10 or have a tolerance value lower than 0.10 indicates a potential multicollinearity problem. In this study, multicollinearity was tested for prior to hypothesis testing so as to determine the extent to which the variables are related, using the second approach i.e. VIF and tolerance values. The result on table 4.12 shows the absence of multicollinearity since the tolerance and VIF values on the table are above 0.10 and less than 10 respectively. This therefore indicates the absence of multicollinearity problem between the independent variables.

Table 4.12 Tolerance and VIF Values for Independent Variables

Independent variables (constant)	Collinearity Tolerance	Statistics VIF
NFIS Financial Literacy Target	0.601	1.662
NFIS Banks Branches and Savings Target	0.266	3.747
NFIS Savings Target	0.967	1.034

Source: SPSS Version 20 Output, 2016

4.5.4 Homoscedasticity

Homoscedasticity means having equal variances of the dependable variable(s) at each observation of the independent variable. According to Hair et al (2010) homoscedasticity can be evaluated from the histogram of the standardized residuals and the P-P plots (see Appendix C), where independence is assumed, which implies that the samples are not dependent on one another. Thus, the assumption of homoscedasticity requires that the variance of the dependent variable is the same at all values of the independent variable(s) or constant variance of the error term.

4.6 Test of Hypotheses

In order to test the hypotheses formulated at the beginning of this study which were later revised after the factor analysis, multiple regression was used so as to determine the effect the national financial inclusion strategy programme of the CBN on bank account ownership by the rural populace, mid-way into its implementation. In other words, the hypotheses were tested to determine whether the NFIS programme of the CBN through the pursuit of its targets, have had any significant effect on the rural populace, in Kudan Local Government; by influencing a more meaningful participation in banking than ever before, in terms of opening/ownership of account(s).

4.6.1 Statement of Revised Hypotheses

H_o1: The financial literacy target of the NFIS has not significantly enhanced bank account ownership among the rural populace in Kudan Local Government.

H_o2: The NFIS microfinance banks' branches target has not significantly increased bank account ownership among the rural populace in Kudan Local Government.

H_o3: The savings target of the NFIS has not significantly stimulated bank account ownership among the rural populace in Kudan Local Government.

Table 4.13 Result of Test of Hypothesis

$Ao = \beta_0 + \beta_1 FinLitTag + \beta_2 MFBBsTag + \beta_3 SaveTag + \mu$

Variable	Coefficient	t-statistics	Prob.	Tolerance	VIF
Constant	2.290	80.386	0.000		
FinLitTag	0.014	0.352	0.725	0.601	1.662
MFBBsTag	0.148	2.157	0.032	0.266	3.747
SaveTag	0.050	1.651	0.100	0.967	1.034
R	0.689				
R^2	0.475				
Adj R^2	0.466				
F-statistic	53.880		0.000		
Durbin Watson	1.337				

Source: SPSS Version 20 Output, 2016

Table 4.13 displays the result of test of hypotheses. Multiple regression analysis was used to test if the National Financial Inclusion Strategy (NFIS) has so far had any significant effect on bank account ownership by the rural populace in Kudan Local Government Area of Kaduna State. The result of the regression analysis indicated that the three predictors (financial literacy target, microfinance banks' branches target and savings target) explained 47.5 per cent of the factors that influenced bank account ownership by the rural populace in the L.G.A within the

period of the study (R^2 = 0.475). The result also indicated a significant positive relationship between the variables (R = 0.689). It further shows that the predictors would still explain 46.6 per cent of the influence or motivation to own a bank account by the rural populace in the area even if other factors are added (Adjusted R^2 = 0.466). Lastly, the result indicated the *f*-statistic which measures the fitness of the multiple regression model used in the study, bank account ownership was expressed as the function of financial literacy target, microfinance banks' branches target and savings target; the *f*-statistic is significant at 5 per cent(f=53.880, p<0.05) which indicates the fitness of the model.

Based on the analysis on table 4.13, which shows a restatement of the study's regression model,the multiple regression analysis result indicates that the Financial Literacy Target of the NFIS has positively and insignificantly predicted bank account ownership (beta coefficient of 0.014,*p*-value at 0.725) i.e. the *p*-value is greaterthan the 5 per cent (0.05) level of significance set as the decision rule. It therefore implies that we do not have sufficient evidence to reject the null hypothesis (**H_o1)** which states that,the financial literacy target of the NFIS has not significantly enhanced bank account ownership among the rural populace in Kudan Local Government.

The result further shows that the Microfinance Banks' Branches Target has positively and significantly influenced bank account ownership among the rural populace in the area; with a beta coefficient of 0.148, and a *p*-value of 0.032, which is less than the 5 per cent level of significance. It is on this basis thatwe reject the null hypothesis (**H_o2)** which states that, theNFIS microfinance banks' branches target has not significantly increased bank account ownership among the rural populace in Kudan Local Government.

The multiple regression result also indicates that the Savings Target of the programme has positively and insignificantly stimulated bank account ownership in the area; with a beta coefficient of 0.050 and a *p*-value of 0.100; which is greater than the 5 per cent level of significance, it implies that we lack sufficient evidence to reject the null hypothesis (**H_o3)** which states that, the savings target of the NFIS has not significantly stimulated bank account ownership among the rural populace in Kudan Local Government.

Table 4.14 Summary of Tests of Hypotheses

HYPOTHESIS	STATEMENT OF HYPOTHESIS	REMARK
H_o1	The financial literacy target of the NFIS has not significantly enhanced bank account ownership among the rural populaceKudan Local Government.	**Accepted**
H_o2	The NFIS microfinance banks' branches target has not significantly increased bank account ownership among the rural populace in Kudan Local Government.	**Rejected**
H_o3	The savings target of the NFIS has not significantly stimulated bank account ownership among the rural populaceKudan Local Government.	**Accepted**

Source: Researcher's Computation, 2016

4.7 Discussion of Findings

The objective of this study was to determine the extent to which the National Financial Inclusion Strategy (NFIS) has promoted bank account ownership among the rural populace in the study area (Kudan L.G.A) within the first four years it has lasted; being the first half of the implementation time frame of the programme. The NFIS was proxy by its specific targets of financial literacy target, microfinance banks' branches target and savings target. On the other

hand, bank account ownership remained the same as it proxy. The findings from the study are therefore discussed as follows:

On the effect of the financial literacy target on bank account ownership by the rural populace, the findings established that the financial literacy target of the NFIS has positively and insignificantly influenced or promoted bank account opening/ownership by the rural populace in the local government within the first half of the programme's implementation. This is against the expectation that mid-way into its implementation; the level of financial literacy should have visibly started rising among the teaming rural dwellers in the area and in the country by extension. This means that unless the CBN review the implementation strategies of this target vis-à-vis the peculiarities of the teaming population residing in the rural areas, this target will impact little or less than expected on the rural populace at the end of the programme's implementation time frame in 2020. This finding is consistent with Hieljes and Petrova (2013) but contradicts the findings of Mishi et al (2012) and Sayinzoga et al (2014).

On the effect of the microfinance banks' branches target on bank account ownership by the rural populace, the findings shows that the target has positively and significantlypromoted financial inclusion in the area through bank account ownership by the rural populace within the first four (4) years of its implementation. Should the CBN continue to implement this target in the area and the rural areas in general, it will no doubt go a long way to engendering high level of account ownership and consequently, financial inclusion among the rural populace at end of the next four years of the programme. This finding supports the views of Okwoli et al (2013) and Brown et al (2014).

On the effect of the savings target on bank account ownership by the rural populace, the findings revealed an insignificant positive effect on bank account ownership by the rural populace in the area. This implies that the savings target of the NFIS since the commencement of its implementation within the last four years has insignificantly stimulated account opening/ownership among the rural populace in the L.G.A. The level of financial literacy, income and proximity to bank branches are central to the insignificant achievement recorded on this target within the four years the programme has lasted. This means that the CBN ought to review the implementation of this target relative to the rural populace prior to the remaining four years of the programme's implementation time frame; without which the target may not substantially yield the desired result in the rural areas of the country. This finding supports the positions of Michael (2013), Chowa et al (2012) and Collins (1989).

4.8 Implications of the Findings

This study investigated the effect of the national financial inclusion strategy on bank account ownership by the rural populace in Kudan Local Government Area Kaduna State, through the targets set up in terms of financial literacy, microfinance banks' branches as well as savings mobilisation. Below are some implications of the study.

4.8.1 Policy Implication

First and foremost, this study serves as a feedback to the CBN being the chief regulator of the country's banking sector, as well as the developer and key implementer of the programme; the Federal Ministry of Finance and the public. The findings from the study indicates that while some targets of the programme have mid-way into the implementation time frame have significant positive effect on bank account ownership among the rural populace in the local

government, others are yet to have their effect felt in the rural areas of the L.G.A and by extension the country, where a significant portion of the country's population resides. To be specific, the microfinance banks' branches target is so far having a significant positive effect on the level of bank account ownership among the rural populace. On the contrary, the financial literacy target and the savings target are having an insignificant positive effect on account ownership among the rural populace. Being a national financial inclusion programme, its inability to factor-in the peculiarities of the rural populace in the country such as low level of literacy, poor infrastructure, the level and pattern of economic activities, as well as the settlement structure which in some areas is less concentrated vis-à-vis their urban counterparts is imperative. The urban bias system of banks' branches concentration is also important. The tendency to pay more attention to the urban areas as against their rural counterparts is also an issue worthy of note. Thus, the study observed that these basic issues which going through the programme's reveals were not properly contemplated at the drafting stage of the programme; because if such peculiarities were taken into consideration *ab initio*, mid-way into the implementation of the programme, all the targets should have been having significant positive effect on the ownership of bank account among the country's rural populace.

4.8.2 Theoretical Implication

The study is underpinned by ownership structure of the firm theory. Looking at the policy implication of the study on item 4.8.1, it shows clearly that given the fact that the NFIS being a national programme aimed at engendering financial inclusion in the country, so that those who were hitherto unbanked would be brought into the banking system. Although a few of the targets of the programme are beginning to have a significant positive effect on the rural populace, factoring in the peculiarities characterising their lifestyles by the CBN through a

review of the implementation strategies of those targets that are having insignificant positive effect on them will make the programme even more successful. This is because promoting an increase in the ownership of bank account among the rural populace by the programme, as is the case with the microfinance banks' branches target; has given them that opportunity of ownership in the country's financial system. And this will influence positively their financial behaviour which is a good omen for the country's financial system. On the contrary, the other two targets of financial literacy and savings has not significantly promoted the sense ownership and participation in the financial system among the rural populace in the area. This therefore supports the argument of the ownership structure of the firm theory in the study, which holds that the effectiveness and efficiency of the system depends on the ownership stake held by the participants.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

Financial inclusion is one contemporary issue that would continue to appeal to scholars' attention and contributions in view of its significance in addressing some global socio-economic challenges such as poverty. Its relevance in the implementation of certain key monetary policies such as the cashless policy of the CBN rolled out in 2011, makes it even more essential and paramount in the realm of contemporary financial discourse. Financial inclusion is also sacrosanct if a country like Nigeria desires to optimally maximise her national macroeconomic objective of monetary policy. Studies as seen in the literatures reviewed, have brought to the fore the importance of financial inclusion in curbing socio-economic challenges such as unemployment, poverty and hunger as well as the attainment of some of our national macroeconomic objectives.

The National Financial Inclusion Strategy (NFIS) which is the main programme designed by the monetary authority (CBN) to engender financial inclusion in the country, and was designed to last from 2012 to 2020. Mid-way into the implementation of the programme, the findings from this study revealed that while some targets of the programme are beginning to positively and significantly promote financial inclusion in the rural areas-in terms of bank account ownership; others on the contrary, are not. And the CBN confirmed this when it posited that the programme have not been very effective in the rural areas of the country (CBN, 2016). The result on the targets evaluated in this study indicates that the microfinance banks' branches target so far, is having significant positive effect on the financial inclusion of the rural

populacein the study area. On the other hand, the financial literacy target and the savings target are so far having an insignificant positive effect on the rural populace in terms of bank account ownership in the area of the study.

5.2 Conclusion

This study evaluated the effect of National Financial Inclusion Strategy (NFIS) on bank account ownership by the rural populace in Kudan Local Government Area of Kaduna State, based on the programme's targets of financial literacy, microfinance banks' branches and savings mobilisation. The conclusion of the study was drawn based on the findings as follows:

The findings revealed that the financial literacy target so far, has an insignificant positive effect on bank account opening/ownership by the rural populace in the area, within the first half of the programme. Therefore, this study concluded that maintaining the same strategies and approaches used in the last four years to implement this target in the rural areas during the second half of the programme (i.e. the next four years), will not significantly promote bank account ownership among the rural populace by 2020.

The findings on the microfinance banks' branches target indicated that so far, this target has a significant positive effect on bank account ownership among the rural populace in the study area. Therefore, this study concluded that continuing the implementation of this target in the rural areas as previously done, during the remaining part of the programme, will significantly increase bank account ownership and consequently, financial inclusion among the rural populace by 2020.

Findings further revealed that so far, the savings target has an insignificant positive effect on bank account ownership by the rural populace in the area. This study concludes therefore that a continuous implementation of this target in the rural areas using the same approach as previously done will not yield the desired result at the end of the programme. That is, unless the implementation strategies of this target are reviewed, it will not significantly engender financial inclusion among the rural populace at the end of the programme in 2020.

5.3 Recommendations

Based on the findings and conclusion of the study, the following recommendations were made:

i. Based on the finding which revealed that the financial literacy target have not had significant positive effect on bank account ownership among the rural populace in the area within the last four years of the programme; this study recommends that the CBN should review the approach or method of implementing this target-relative to the peculiarities of the rural populace, so that, come the next four years being the due date of the programme, a better result would be achieved. The CBN should also ensure that it monitor the microfinance and deposit money banks by ensuring that they play their role in creating a strong financial literacy/awareness among the rural populace of the country.

ii. On the finding that indicated that the microfinance banks' branches target has significant positiveeffect on the level of bank account ownership by the rural populace in the study area, within the four years the programme has lasted, this study recommends that the CBN should continue to implementthis target as it has begun, but it should not neglect to improve where necessary.

iii. Following the finding which revealed that the savings target has insignificantly enhanced bank account ownership by the rural populace in the last four years, the study also

recommends a review of the implementation strategies as well, in order to factor-in the peculiarities of the rural populace. So that by the due date of the programme in 2020, it would have stimulated more rural dwellers to own a bank account(s) and thus, become financially included.

5.4 Limitations of the Study

It is customary that a research may face one challenge or the other, capable of undermining the veracity of its findings as well as their generalizability. This study is not an exception to this. Given the custom and tradition of the people of the study area which prohibits adult males from having contact with adult females other than their husbands (*ba'ashiga*), the researcher was limited from having access to most adult females in the course of data collection, as such in most of the households visited the researcher had more access to adults males than females. However the researcher employed the assistance of the microfinance bank in the area through which data was obtained from adult females from the respective settlements.

5.5 Suggestions for Further Studies

This study suggest that a similar study should be replicated in at least a rural local government each in the remaining five geo-political zones of the country (north east, north central, south east, south-south and south west)using a qualitative approach, since this was a quantitative study. This will provide the CBN and federal ministry of finance a feedback on the performance of the programme cut across the rural areas of the country so far.

The study further suggested that this same study should be repeated at the due date of the programme in 2020 so as to ascertain the extent to which the programme as a whole promoted

financial inclusion of the rural populace in the country, as well as whether the CBN reviewed the implementation approaches of the targets with insignificant positive effect on bank account ownership, by improving the effectiveness of the programme in the rural areas or not.

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APPENDIX A

Department of Business Administration,
Ahmadu Bello University,
Zaria-Nigeria.
25th June, 2016.

Dear Respondent,

REQUEST FOR RESPONSE TO QUESTIONNAIRE

My name is Gimba Solomon MALACHY, an M.Sc student of the above named department, with registration number, P13ADBA8233. I am currently working on my dissertation titled: "EFFECT OF THE NATIONAL FINANCIAL INCLUSION STRATEGY ON ACCOUNT OWNERSHIP BY THE NIGERIAN RURAL POPULACE". Please, I request that you kindly assist this noble course by filling in this questionnaire appropriately. I guarantee that all data provided shall be treated with utmost confidence and would be used strictly for the purpose of this research only. This questionnaire is structured into two parts (A and B). While part 'A' seeks basic information, part 'B' which is divided into five (5) sections, gathers data about the component parts of the study problem. Please indicate by ticking in the appropriate box provided.
Thank you in anticipation of your kind response please. Tick as follows: (✓) in the appropriate box.

PART A

Respondent's Basic Data:

1. Age: [1] 18 – 25 years
[2] 26 – 33 years
[3] 34 – 41 years
[4] 42 – 49 years
[5] 50 and above

2. Educational background:
[1] Post Graduate
[2] 1st Degree/HND/Professional Qualification
[3] ND/NCE/HSE
[4] SSCE/GCE
[5] First Sch. Leaving Certificate
[6] Nil

PART B

KEY: SD=Strongly disagree, D=Disagree, U=Undecided, A=Agree SA=Strongly agree. Tick as appropriate please.

SECTION 1. NFIS Financial Literacy Target

S/N		SD	D	U	A	SA
1.	I have been taught about banks and banking services in school.					
2.	A few financial institutions' staff have been in this community once or twice between 2012 and this year, 2016 to carry out financial literacy campaign.					
3.	I am aware of the basic services readily available for my consumption in the banks and other financial institutions.					
4.	I got to know about banking services from a friend, colleague and/relation.					
5.	I only have very little knowledge about banks and their services.					
6.	What would be your position should we say that from 2012 this year, 50% or more of the people in this community have become more aware of the services and products available for their consumption within the banking system?					

SECTION 2. NFIS Microfinance Banks' branches target

S/N		SD	D	U	A	SA
1.	We now have a microfinance bank branch around us compared to previous years.					
2.	I have known about the micro, small and medium enterprises development fund (MSMEDF) for about a year or more now.					
3.	I have a current, savings or time-deposit account with one of the microfinance banks.					
4.	The account was opened between 2012 and this year, 2016.					
5.	The account was opened earlier than 2012.					
6.	It is a salary account.					

SECTION 3. NFIS Savings target

S/N		SD	D	U	A	SA
1.	Banks have held a few savings mobilisation programmes in our community between 2012 and this year, 2016.					
2.	Between 2012 and this year, 2016, I have attempted to own a bank account but could not due to too much documentary requirements.					
3.	Bank officials have once been here between 2012 and this year, 2016 to educate and encourage us to learn to save our money in the bank.					
4.	Bank(s) no longer make charges on my savings account(s) like before.					
5.	From year 2012, could we say that at least close to 50% of the people in this community now own a savings account compared to previous years?					
6.	Ever since I opened my account, I save my money in the bank.					

SECTION 4. NFIS Payment target

S/N		SD	D	U	A	SA
1.	Since the end of 2012, I notice few bank agents are beginning to visit our community through whom we can make and receive payment.					
2.	I have ever received or made payment to a deposit money bank (DMB) through a microfinance bank					
3.	Recently I have seen a mini bank branch set up in one community in this local government.					
4.	I hear banks use the New National Identity Card Issued by the National Identity Management Commission (NIMC) to open account for people but I do not have it.					
5.	I know a small or medium enterprise in this community that has recently received a loan from the micro, small and medium enterprises development fund (MSMEDF).					
6.	I know and often utilise most of the payment options like cheque, ATM, POS, mobile money and others.					

SECTION 5 Account ownership by the rural populace

S/N		SD	D	U	A	SA
1.	I have a very active account(s) with at least one of the banks.					
2.	I carry out one transaction or the other on my account at least once a month.					
3.	I have ever collected a loan/over draft payment on my account.					
4.	I have an account but I have not use it for a long time.					
5.	I do not have an account with any microfinance bank (MFB) or deposit money bank (DMB)					
6.	I don't have an account because I do not know anything about banking.					
7.	I want an account but I don't have the know-your-customer (KYC) requirements.					
8.	I don't need an account because of the charges banks make					
9.	What would be your position should we say that at least 50% of the adults in this community have a bank account(s)					

APPENDIX B

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.864	.865	6

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.949	.958	6

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.950	.971	6

Reliability
Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.906	.912	6

Reliability
Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

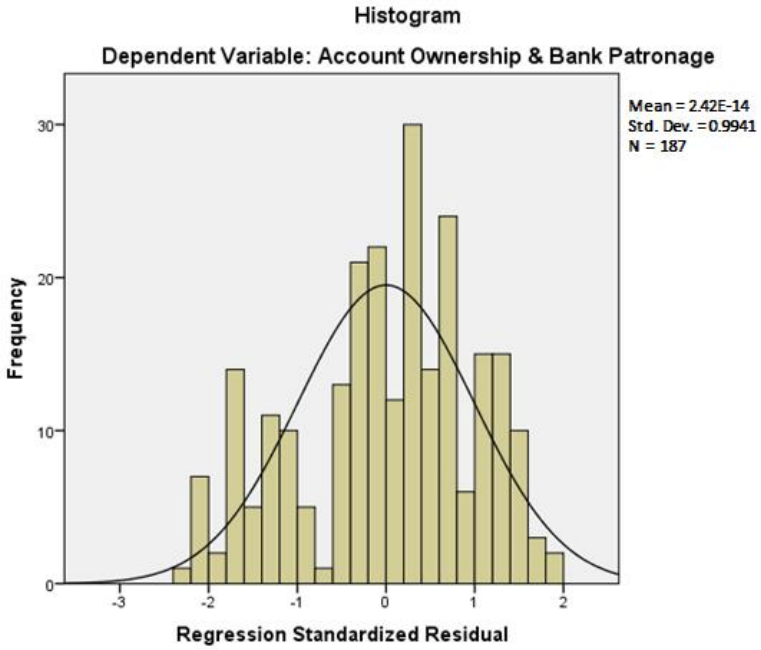
a. Listwise deletion based on all variables in the procedure.

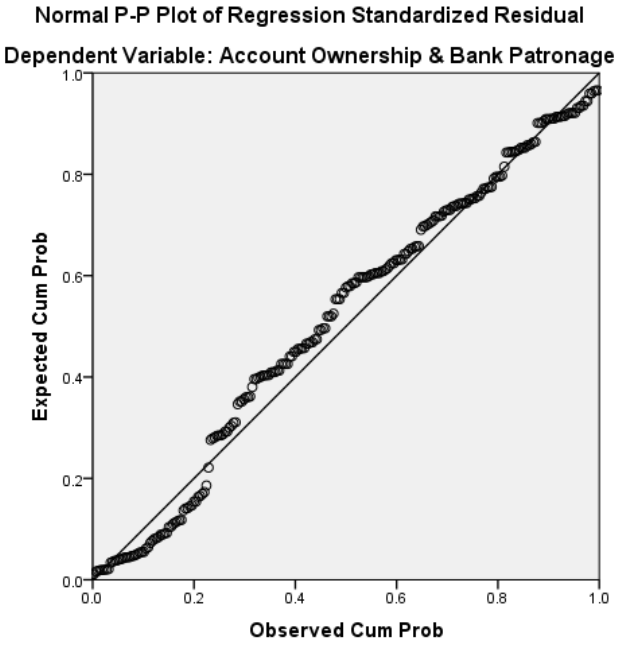
Reliability Statistics

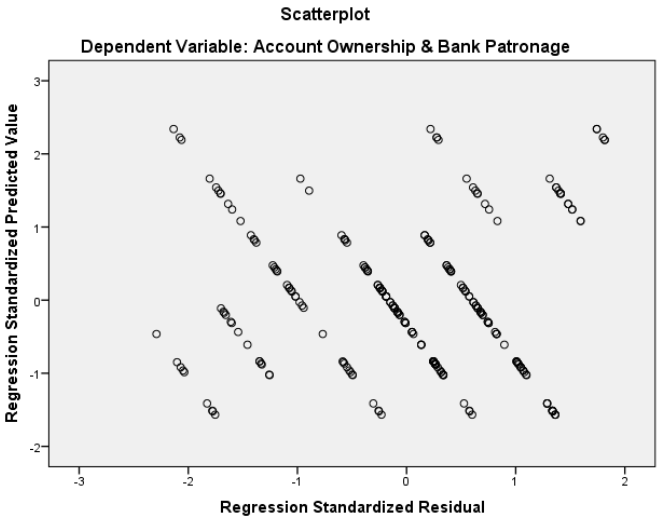
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.711	.697	9

APPENDIX C

Charts






Scatterplot
Dependent Variable: Account Ownership & Bank Patronage
Regression Standardized Predicted Value
Regression Standardized Residual
3
2
1
0
-1
-2
-3
-2
-1
0
1
2

APPENDIX D

FACOR ANALYSIS

Correlation Matrix[a]

		Section 5: Question 1	Section 5: Question 2	Section 5: Question 3	Section 5: Question 4	Section 5: Question 5	Section 5: Question 6	Section 5: Question 7	Section 5: Question 8	Section 5: Question 9
Correlation	Section 5: Question 1	1.000	.754	.798	.842	-.785	-.782	-.869	-.795	.353
	Section 5: Question 2	.754	1.000	.664	.896	-.607	-.711	-.824	-.725	.471
	Section 5: Question 3	.798	.664	1.000	.726	-.729	-.742	-.703	-.745	.282
	Section 5: Question 4	.842	.896	.726	1.000	-.690	-.785	-.881	-.802	.445
	Section 5: Question 5	-.785	-.607	-.729	-.690	1.000	.669	.714	.758	-.433
	Section 5: Question 6	-.782	-.711	-.742	-.785	.669	1.000	.796	.711	-.382
	Section 5: Question 7	-.869	-.824	-.703	-.881	.714	.796	1.000	.759	-.440
	Section 5: Question 8	-.795	-.725	-.745	-.802	.758	.711	.759	1.000	-.552
	Section 5: Question 9	.353	.471	.282	.445	-.433	-.382	-.440	-.552	1.000
Sig. (1-tailed)	Section 5: Question 1		.000	.000	.000	.000	.000	.000	.000	.000
	Section 5: Question 2	.000		.000	.000	.000	.000	.000	.000	.000
	Section 5: Question 3	.000	.000		.000	.000	.000	.000	.000	.000
	Section 5: Question 4	.000	.000	.000		.000	.000	.000	.000	.000
	Section 5: Question 5	.000	.000	.000	.000		.000	.000	.000	.000
	Section 5: Question 6	.000	.000	.000	.000	.000		.000	.000	.000
	Section 5: Question 7	.000	.000	.000	.000	.000	.000		.000	.000
	Section 5: Question 8	.000	.000	.000	.000	.000	.000	.000		.000
	Section 5: Question 9	.000	.000	.000	.000	.000	.000	.000	.000	

a. Determinant = 4.983E-5

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.918
Bartlett's Test of Sphericity	Approx. Chi-Square	2359.485
	Df	36
	Sig.	.000

Communalities

	Initial	Extraction
Section 5: Question 1	1.000	.852
Section 5: Question 2	1.000	.763
Section 5: Question 3	1.000	.713
Section 5: Question 4	1.000	.868
Section 5: Question 5	1.000	.698
Section 5: Question 6	1.000	.750
Section 5: Question 7	1.000	.848
Section 5: Question 8	1.000	.800
Section 5: Question 9	1.000	.586

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.578	73.089	73.089	6.578	73.089	73.089
2	.830	9.218	82.307			
3	.511	5.680	87.988			
4	.291	3.232	91.220			
5	.263	2.927	94.147			
6	.190	2.110	96.257			
7	.162	1.800	98.056			
8	.096	1.066	99.123			
9	.079	.877	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Section 5: Question 1	.923
Section 5: Question 2	.874
Section 5: Question 3	.844
Section 5: Question 4	.932
Section 5: Question 5	.835
Section 5: Question 6	.866
Section 5: Question 7	.921
Section 5: Question 8	.894
Section 5: Question 9	.535

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis

INDEPENDENT VARIABLES

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.899
Bartlett's Test of Sphericity	Approx. Chi-Square	12180.609
	Df	406
	Sig.	.000

Communalities

	Initial	Extraction
Section 1: Question 1	1.000	.833
Section 1: Question 2	1.000	.866
Section 1: Question 3	1.000	.738
Section 1: Question 4	1.000	.889
Section 1: Question 5	1.000	.862
Section 1: Question 6	1.000	.657
Section 2: Question 1	1.000	.903
Section 2: Question 2	1.000	.856
Section 2: Question 3	1.000	.905
Section 2: Question 4	1.000	.689
Section 2: Question 5	1.000	.820
Section 2: Question 6	1.000	.783
Section 3: Question 1	1.000	.906
Section 3: Question 2	1.000	.856
Section 3: Question 3	1.000	.829
Section 3: Question 4	1.000	.825
Section 3: Question 5	1.000	.929
Section 3: Question 6	1.000	.839
Section 4: Question 1	1.000	.598
Section 4: Question 2	1.000	.888
Section 4: Question 3	1.000	.906
Section 4: Question 4	1.000	.769
Section 4: Question 5	1.000	.883
Section 4: Question 6	1.000	.651

Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	19.124	65.944	65.944	19.124	65.944	65.944	14.777	50.954	50.954
2	1.992	6.868	72.812	1.992	6.868	72.812	3.269	11.274	62.228
3	1.660	5.723	78.535	1.660	5.723	78.535	3.136	10.813	73.041
4	1.037	3.578	82.112	1.037	3.578	82.112	2.631	9.071	82.112
5	.827	2.853	84.965						
6	.707	2.437	87.402						
7	.586	2.022	89.424						
8	.486	1.677	91.101						
9	.447	1.541	92.641						
10	.346	1.193	93.835						
11	.303	1.046	94.881						
12	.215	.742	95.623						
13	.105	.362	98.579						
14	.086	.298	98.877						
15	.074	.254	99.131						
16	.056	.194	99.325						
17	.049	.169	99.494						
18	.037	.126	99.620						
19	.028	.095	99.715						
20	.026	.088	99.803						
21	.023	.078	99.881						
22	.015	.053	99.934						
23	.011	.039	99.973						
24	.008	.027	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component			
	1	2	3	4
Section 1: Question 1	.516	.716		
Section 1: Question 2	.432	.780		
Section 1: Question 3	.403	.612		431
Section 1: Question 4	.605		.661	
Section 1: Question 5	.539		.721	
Section 1: Question 6	.513		.533	
Section 2: Question 1	.948			
Section 2: Question 2	.902			
Section 2: Question 3	.939			
Section 2: Question 4	.764			
Section 2: Question 5	.879			
Section 2: Question 6	.823			
Section 3: Question 1	.949			
Section 3: Question 2	.897			
Section 3: Question 3	.895			
Section 3: Question 4	.902			
Section 3: Question 5	.958			
Section 3: Question 6	.910			
Section 4: Question 1	.646			
Section 4: Question 2	.919			
Section 4: Question 3	.946			
Section 4: Question 4	.842			
Section 4: Question 5	.930			
Section 4: Question 6	.453			.561

Extraction Method: Principal Component Analysis.
a. 4 components extracted.

Rotated Component Matrix[a]

	Component			
	1	2	3	4
Section 1: Question 1			.841	
Section 1: Question 2			.879	
Section 1: Question 3			.772	
Section 1: Question 4		.872		
Section 1: Question 5		.880		
Section 1: Question 6		.733		
Section 2: Question 1	.839			
Section 2: Question 2	.727			.457
Section 2: Question 3	.889			
Section 2: Question 4	.789			
Section 2: Question 5	.869			
Section 2: Question 6	.765		.431	
Section 3: Question 1	.840			
Section 3: Question 2	.884			
Section 3: Question 3	.843			
Section 3: Question 4	.832			
Section 3: Question 5	.871			
Section 3: Question 6	.815			
Section 4: Question 1	.433			.573
Section 4: Question 2	.890			
Section 4: Question 3	.868			
Section 4: Question 4	.843			
Section 4: Question 5	.857			
Section 4: Question 6				.751

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Component Transformation Matrix

Component	1	2	3	4
1	.867	-.305	-.266	-.289
2	-.361	-.276	.891	-.028
3	-.091	.874	-.319	-.356
4	-.330	-.259	-.186	.888

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Reliability
Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	187	99.6
	Excluded[a]	0	.4
	Total	187	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.986	17

Reliability
Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	187	100.0
	Excluded[a]	0	.0
	Total	187	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.842	3

Reliability
Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	187	100.0
	Excluded[a]	0	.0
	Total	187	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.817	3

Reliability
Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	187	100.0
	Excluded[a]	0	.0
	Total	187	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.781	9

APPENDIX E

Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	NFIS Financial Literacy Target, NFIS Savings Target, NFIS Microfinance Banks' Branches Target	.	Enter

a. Dependent Variable: Account Ownership
b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.689[a]	.475	.466	.11679	.337

a. Predictors: (Constant), NFIS Financial Literacy Target, NFIS Savings Target, NFIS Microfinance Banks' Branches Target
b. Dependent Variable: Account Ownership

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.940	4	.735	53.880	.000[b]
	Residual	3.246	238	.014		
	Total	6.186	242			

a. Dependent Variable: Account Ownership
b. Predictors: (Constant), NFIS Financial Literacy Target, NFIS Savings Target, NFIS Microfinance Banks' Branches Target

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.290	.028		80.386	.000		
	NFIS Microfinance Banks' Branches Target	.148	.069	.639	2.157	.032	0.266	3.747
	NFIS Financial Literacy Target	.014	.039	.065	.352	.725	0.601	1.662
	NFIS Savings Target	.050	.031	.329	1.651	.100	0.967	1.034

a. Dependent Variable: Account Ownership

CollinearityDiagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	NFIS Microfinance Banks' Branches Target	NFIS Financial Literacy Target	NFIS Savings Target
1	1	4.897	1.000	.00	.00	.00	.00
	2	.088	7.473	.61	.00	.00	.01
	3	.007	26.323	.00	.01	.23	.03
	4	.002	50.690	.00	.99	.47	.34

a. Dependent Variable: Account Ownership